



TRAFFORD
COUNCIL

ACCOUNTS

2013

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foreword by the director of finance

Introduction

The Accounts 2013 contains a summary of the Council's financial performance for the financial year 1 April 2012 to 31 March 2013.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011. The regulations require the accounts to be prepared in accordance with proper accounting practices and these primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2012/13 (the Code) and the Service Reporting Code of Practice (SeRCOP) 2012/13, supported by International Financial Reporting Standards (IFRS).

Major Changes Reflected in the Accounts

Changes affecting the Primary Statements:

- The Balance Sheet has been restated to :-
 - accommodate £0.5m of assets that were disposed of as part of a town centre regeneration scheme but not written out of the books in previous years (see note 53, page 117).
 - Reflect an adjustment of £2.582m between the Revaluation Reserve and Capital Adjustment Account (CAA) in respect of historic revaluation adjustments to the value of Investment Property, which since the introduction of International Financial Reporting Standards are now held within the CAA (see note 53, page 117).
- The overspend position on the Learning Disability Pool of £1.5m has been brought forward as a debtor as at 1 April 2012, which upon reversal had the effect of inflating in-year expenditure. This is incorrect and the practice discontinued for 2012/13, and the balance is carried forward alongside other service earmarked reserves.

Changes affecting disclosures/notes:

- The proposed change in 2012/13 for IFRS 7 Financial Instruments

disclosures has been deferred to 2013/14.

Business changes:

There were no major changes to business activity during the year. However, the following are notable matters drawn to your attention:

- Upon the Manchester Airport Group acquiring Stansted Airport, the Council's holdings in MAG were restructured such that its shareholding has reduced to 3.22% from 5%, however, there has been a valuation increase in this holding of £19.1m (see note 5, page 32).
- During the year 7 schools transferred to Academy status.

Brief Guide to Accounts Contents:

Please note that a glossary of terms can be found on page 121.

A description of the responsibilities of the Council regarding the Accounts 2013 is provided at page 9, and the Audit certificate can be found on page 10. The Accounts are drawn from systems which in themselves must operate satisfactorily in order for the figures to be true and dependable. More information on the effective operation of the Council's systems, governance arrangements and control environment can be found in the Annual Governance Statement (AGS). The AGS does not form part of the Accounts, but it is published alongside so that it can be read in conjunction.

There can be choices in accounting conventions and/or treatment that would be more practical for a given organisation in order for it to show a truer reflection of economic activity or value. The Council's choices are outlined in detail in the Accounting Policies (note 1) on pages 18 to 29.

The main financial statements that make up the Accounts (pages 11-17) are; the Comprehensive Income and Expenditure Statement (CIES), Balance Sheet, Movement in Reserves Statement (MiRS) and the Cash Flow Statement. These are explained in summary below, with a full explanation included with each statement in the main accounts.

The Comprehensive Income and Expenditure Statement (page 11-12) shows the Council's financial performance for the year, measured in terms of the resources consumed and generated, as defined in the Code, over the period 1 April 2012 to 31 March 2013. However, the Council is required to set its budget and raise Council Tax on a different accounting basis than the Code, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the assets are consumed (e.g. cash is paid out when an asset is purchased, however it is charged to CIES as it depreciates);
- The law and the Council's management accounts make distinction between capital and revenue income. Under the Code all income is treated the same and is accounted for in the CIES where required;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned and become committed.

The variations in accounting treatment between the Council's management accounts and (financial) Accounts 2013 are adjusted for within the Movement in Reserves Statement on pages 15 to 16, with more detail in note 7 on pages 33 to 41. A summary reconciliation between the CIES net gain and the management accounts net declared underspend position is provided later on in the foreword.

The MiRS (pages 15-16) also shows the movements in resources of the Council for the year split between usable and unusable reserves. Unusable reserves relate to accounting adjustments for the differences between management and financial accounting treatment and are not 'cash backed' and cannot be used to support service activity.

The total net worth of the Council, total assets less total liabilities, as a statement of value is listed on the Balance Sheet on pages 13 to 14.

The Cash Flow statement (page 17) provides summary figures on the total movements in cash for the year and how it has been applied on three types of financial activity: inflows and outflows caused by core business operations, changes in equipment, assets or investments related to investing activities and changes in debt, loans or dividends from financing activities.

Explanatory notes to the primary statements are provided on pages 18 to 117. These notes expand on the figures, providing greater detail and information as prescribed or as necessary. Included within these notes is a statement on 2012/13 capital expenditure and how this was funded on pages 93 to 95.

The Council has the responsibility for collecting all Council Tax due in the Borough on behalf of itself, the Greater Manchester Police Authority, the GM Fire and Rescue Authority and Partington Town Council. It also has the responsibility for collecting all of the National Non-Domestic Rates (Business Rates) on behalf of the Government. The financial activity relating to local taxation is contained in the Collection Fund statement, pages 118 to 120.

Key Features in the Accounts

The following key matters are listed to quickly identify and summarise the salient features of the Accounts.

Comprehensive Income & Expenditure Statement (CIES):

- the (surplus)/deficit on the provision of services on the CIES is £21.9m (2011/12 £(12.2)m). However, the management accounts declare an outturn underspend of £(2.5)m (2011/12 £(4.8)m), and a carry forward overspend on the Learning Disability Pool fund of £1.5m (2011/12 £1.4m). The differences between these two statements of financial performance relate to the differences in accounting practices applied, which are adjusted for in the MiRS, and a summary reconciliation between the two outturns is provided later in the foreword.

- the total balance on the CIES has reduced from a £54.4m to a £45.1m deficit. The movement in the CIES primarily relates to; a reduction in the sale of assets, £26.1m, a revaluation of assets £(14.7)m, reduction in Government grants adjusted for

	£m
Government RSG	1.3
Redistributed Business Rates	64.5
Council Tax	88.6
Reserves	1.0
	155.4

increase in retained business rates, £3.3m, and changes in the valuation of net pension liability and net interest costs £(24.8)m.

Balance Sheet:

There has been a net decrease in asset value of £(45.1)m, primarily due to an increase in assessed pension liabilities of £(42.4)m. Other notable movements are:

- £(13.8)m reduction in cash and cash equivalents, balanced by
- a reduction in Government grants paid in advance of £8m,
- and the repayment of long term borrowing of £2.6m.
- Increases in long term asset acquisitions of £32.4m from the Capital Programme, are balanced by depreciation £(9.3)m, revaluations £(10.8)m, and disposals of £(7.5)m.
- £(4.3)m net other movements.

Collection Fund:

- For the seventh consecutive year, Council Tax collection rates have improved, and are for the fourth year running the highest in Greater Manchester. However, back dated revaluations and discount awards have impacted on the available surplus, which for 2012/13 has been reduced to only £(6,159).
- There was a small growth in the Council tax base of 339 Band D equivalent properties worth £(0.4)m, however the majority of this was already estimated into the budget to support service expenditure.

General Fund

The budget was set by the Council on 22 February 2012 in the sum of £155.395m. There was no increase in Council Tax for any service, which remained a Band D Council Tax of £1,105.23 for services which are the responsibility of the Council to deliver, or £1,302.21 when precepts for the Greater Manchester Police Authority and Greater Manchester Fire and Rescue Authority are included. This is £93.89 (6.7%) below the average tax level of Metropolitan Authorities. The budget was financed as follows:

Outturn of Financial Performance

2012/13 presented a number of financial and other challenges:

- The budget was based on the successful delivery of £(12.3)m of budget savings, which were delivered. Whilst this was a significant reduction on the £(21.3)m of savings required in 2011/12, this was the third successive austerity budget with a cash reduction in Government support of £5.8m;
- Investment rates remained low, and the expected rise during the year did not happen, though this was compensated by higher cash balances caused by grants received in advance and rescheduling of capital spend;
- Across the Council income levels were suppressed and trading made more difficult by the economic climate. In addition, it was more difficult to sell non-operational capital assets;
- There continued to be increasing demand in terms of both numbers and need in children's and adult social care services, particularly in the area of Learning Disabilities, which reflects in the LD Pool balance (note 34) being taken forward of £1.5m (2011/12 £1.5m);
- Above inflation increases in GM Waste Disposal Authority, and Transport levies of £1.5m.

The budget of £155.395m was monitored against actual activity on a monthly basis from June 2012. The actual spending in the year was £152.931m, representing an underspend on overall planned activity of £(2.464)m, with a deficit carry forward on the Learning Disability Pooled Fund of £1.472m in addition to this:

	Budget £m	Actual £m
Trafford provided services:		
- Children & Young People's Service	25.5	24.9
- Communities & Well-Being	49.1	49.3
- Environment, Transport & Operations	18.1	19.4*
- Economic Growth & Prosperity	3.4	3.2
- Transformation & Resources	19.7	19.0
- Council-Wide budgets	8.9	7.8
Levies to other organisations:		
- Integrated Transport	15.8	15.8
- Waste Disposal	14.2	12.7*
- Other levies	0.7	0.8
Total	155.4	152.9

* Notable activity during the year includes for a rebate from the Greater Manchester Waste Disposal Authority for reduced tonnages relative to other member Authorities of £(1.5)m. This money has been placed in an earmarked reserve to mitigate future rises in the waste levy, and appears as expenditure in the ETO Directorate.

The major variations from the budget are:

Area of Variation from budget:	£m
Demand led services:	
- Children's Social Care	0.4
- Adult Social Care	0.6
Cost control / austerity measures	(1.5)
Tonnages rebate on waste levy	(1.5)
Transfer waste rebate to reserve, to fund future expenditure	1.5
Accelerated savings / rephased projects	(0.6)
Treasury Management	(0.5)
Net Income variations	(0.4)
Reduction in s117 Mental Health Act provision	(0.3)
Improved debt collection	(0.2)
Outturn Variance	(2.5)
Learning Disability Pooled Fund	0.0
Total Outturn Variance	(2.5)

Reconciliation between Statutory Accounts and Management Accounts

The Council's management accounts outturn position is an underspend of £(2.5)m (analysed above), whereas the Surplus/Deficit on the Provision of Services in the CIES on pages 11 to 12 shows an overspend of £21.9m.

The differences between the CIES and the Council's management accounts are adjusted for in the Movement in Reserves Statement (pages 15-16). This statement reconciles the surplus on provision of services in the CIES to the movement in the General Fund Balance (first column of the MiRS, with detail in note 7). The General Fund Balance reflects the overall financial activity of the Council on the same basis on which the budget was set and taxation planned to be raised.

The increase in General Fund Balance is £(0.8)m, as detailed below, and also contained in the Revenue Budget Outturn report available on the Council's website.

CIES account reconciled to	£m
CIES Account Deficit on Service Provision	21.9
Accounting adjustments in MiRS:	
- Capital charges	(33.7)
- Capital Grants	21.0
- Pensions	(4.5)
- Net transfers to earmarked reserves	(1.0)
- Net transfer (from) schools reserves	(4.4)
- Other	(0.1)
Total adjustments	(22.7)
Increase in GF Balance	(0.8)
Add back:	
Budgeted support for GF	(1.0)
Additional spend from GF	0.8
Transfer from service reserves*	(1.5)
Outturn Variance	(2.5)

* The transfer to service reserves is the total of net service under/overspends in 2012/13 (Table 1 of the Revenue Budget Outturn report). These will be carried forward into 2013/14.

General Reserve

The General Reserve represents the aggregate of net under spends from past

financial years of monies that have not been specifically identified for other future purposes. It is used as a working balance, and to allow a 'cushion' against unforeseen or emergency expenditure. It is traditional that some amount of General Reserve is used to fund the overall budget, however, the extent of which has been reduced steadily over the years so that main service expenditure is more reliant on sustainable income sources.

The balance at the start of the year was £9.802m and following a number of authorised transfers to support projects and initiatives (see Table 4 of the Revenue Budget Outturn Report – the Management Accounts), and including the 2012/13 net underspend, the balance at the end of the year is £10.644m.

On 20 February 2013 the Council agreed to maintain a minimum reserve of £6m for the year 2013/14, and of the brought forward balance £0.906m is planned to support the 2013/14 base budget, and additional project expenditure in the year of a further £0.799m. The balance to the year ending 31 March 2014 as projected in August 2013 is £10.3m, of which £2.094m is planned to support the 2014/15 budget.

Trading Organisations

The Council maintains a number of trading operations (see note 31 page 80), which made a surplus in the year on normal activity of £(0.263)m.

Capital Investment

Capital expenditure for the year amounted to £58.0m, details of which can be found on pages 94 to 96:

Expenditure	£m
Schools investment	18.3
Supporting infrastructure	20.4
Regeneration Projects	10.0
Highways improvements	4.7
Social Services	2.8
ICT Investment	0.5
Recreation & Culture	1.3
	58.0

Major projects included the completion of the rebuild of Trafford Town Hall and St Ambrose College, further investment in the schools estate to address capacity and

condition issues and investment in highways.

The expenditure was financed by:

	£m
Borrowing	19.8
Grants and Contributions	22.1
Capital Receipts	15.8
Earmarked Reserves	0.3
	58.0

The Council has approved a Capital Strategy and an Asset Management Plan which are in place to identify priorities for capital investment. The strategy and plan are supported by the three year capital programme, which is the budget year plus two additional years of proposed spend. The programme is reviewed every year in the light of available resources, and during the year schemes can be moved (deferred or accelerated) in the programme dependent upon the progress to either maximise capital investment spend or avoid overspending.

During the year a number of surplus assets were disposed of, with the proceeds of £3.2m being used to support capital expenditure. These assets were written out of the Council's asset register.

Treasury Management

The Council proactively manages both long term loans and both long and short term investments to minimise the interest payable on external borrowing, and to generate as high an income level as possible on cash deposits commensurate with the risk to the principal invested.

Throughout 2012/13 the Council complied with its legislative and regulatory requirements, including compliance with all treasury management prudential indicators.

Debt Summary

At 1 April 2012 the Council's total level of debt was £100.7m and as a result of planned debt repayments of £0.2m to the Public Works Loans Board (PWLB) this decreased to £100.5m as at 31 March 2013. The Council continues to remain in a position of being under borrowed in order to counteract the continuing uncertain economic situation and counterparty security and as a result of this action debt interest was saved.

The average external rate of interest payable during the year was 5.25%, which compares with 5.26% in 2011/12. The following table provides further details, including the average interest loan rate at 31 March 2012 and 2013.

	as at 01.04.12	as at 31.03.13
Average weighted maturity of long term loans (in years)	27.1	26.1
Number of loans	37	37
Value of loans	£100.7m	£100.5m
Average loan rate	5.26%	5.25%

Further details can be found in note 51 on page 108.

Investments Summary

The Council operates its own trading function for the investment of surplus cash deposits. The Council's investments, excluding cash at bank, totalled £52.3m as at 31 March 2013 and this compares to £76.9m as at 31 March 2012. For reference the total number of investments undertaken in 2012/13 was 302, totalling £570m in 24 institutions and this compares to 2011/12 when 395 investments were placed totalling £570m in 29 institutions. In 2012/13 an average investment rate of 0.88%, 0.49% above the market benchmark (London Inter-bank BID rate), was achieved. This compares with the rate above LIBID for 2011/12 of 1.11%. Further details can be found in note 16 page 56.

Collection of Council Tax and Business Rates

The Council collects Council Tax on behalf of itself, the Greater Manchester Police Authority, the GM Fire and Rescue Authority, and Partington Town Council. It collects National Non-Domestic Rates (NNDR) on behalf of the Government on an agency basis. There are major changes with regard to the share and retention of business rates from 1 April 2013, see note 6.

A total of £90m of Council Tax was collected in respect of 2012/13, a performance of 98.1% (97.8% in 2011/12). Details of the Collection Fund can be

found on page 118, which shows an overall surplus of £(0.006)m. This surplus is apportioned to the Council, the Greater Manchester Police Authority and the GM Fire and Rescue Authority on a proportionate basis. Trafford's share of the surplus is £(0.005)m which is shown in the Balance Sheet (page 14).

For the fourth year running collection rates are the highest ever achieved by the Council, and the best rates amongst fellow Greater Manchester authorities.

£153m of NNDR was collected, a performance of 97.9% (97.4% in 2011/12). This is the highest amongst Greater Manchester authorities. The Government re-distributes NNDR to all local authorities on a per capita basis, from which the Council received £65m in 2012/13.

Net Pensions Asset / Liability

The Council participates in the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. At 31 March 2013 the Council had a net liability for pensions of £201.1m, which compares with £159.2m at 31 March 2012. This increase in net liability of £41.9m is mainly due to less favourable financial assumptions, particularly relating to a lower real discount rate. This increase in liabilities, has been partly offset by a higher than expected return on investments.

The Council also has liabilities for the Teachers' Pension Scheme, administered nationally by the Teachers Pension Agency, at 31 March 2013 totalling £21.3m, which compares with £20.7m at 31 March 2012.

Further details on the Council's overall net pensions asset/liability are included in notes 47 and 48 on pages 99 to 100.

Provisions and write-offs

Total income due to the Council which was written off as uncollectable during 2012/13 included £0.6m of Council Tax and £0.5m of other debts. These were within expectations and the Council continues to review and provide for bad and doubtful debts as appropriate.

A new insurance provision of £0.419m has been introduced which relates to an increase in liability for insurance claims prior to 1992 insured via Municipal Mutual Insurance. The Council is responsible for both its own insurance claims and a proportion of claims relating to the previous Greater Manchester Council (see note 23 on page 66).

There has been an increase of £0.667m in the provision set aside to meet the costs of claims arising from Equal Pay legislation. This increase reflects negotiations on settlement with claimants' legal representatives (see note 23 on page 67).

Contingent Liabilities

There are a number of changes in the Council's contingency liabilities which are discussed on page 104:

- Municipal Mutual Insurance potential claw back has now been realised and become a provision
- The Planning Appeal against the Council's decision not to grant planning permission for a Biomass Plant in Davyhulme has been heard and found in favour of the Appellant, and all known costs have been settled as part of the 2012/13 accounts.
- The Council has underwritten an element of the costs associated with the major refurbishment of Altrincham Interchange in the event that developer contributions are not forthcoming.
- There has been a negotiated settlement on a business disruption claim made against the Council which was determined in June 2013. This has been included in the accounts as a contingent liability (note 49, page 105), but has now been settled and charged to the 2013/14 revenue account.

Events after the Balance Sheet Date

Attention is drawn to the major change in the share and retention of business rates and the risks arising that came into force on 1 April 2013. This is discussed in more detail in note 6 on page 32.

Future Budgets

Information on the planned future expenditure and the financial environment

of the Council can be found in the Council's 2013/14 Revenue Budget and 2013/16 Capital Programme Report, which can be found on the Council's website.

Future Developments

There are a number of future events that will have a bearing on the normal activities of the Council:

- The economic climate and continued Government austerity budgets which may continue to 2017/18 or beyond reducing funding will have significant impacts on the size and style of the Council as an organisation and the extent of service provision.
- The availability of capital resources is expected to be constrained in future years and be limited to the capital grants from Government or from internal resources in the form of capital receipts from the disposal of surplus assets. There will be pressure on the latter due to the finite nature of such assets. This will place an even greater emphasis on asset rationalisation programmes, agile working and a partnership approach for the provision of capital assets.
- Business Rate retention changes that came into force on 1 April 2013 have made a significant change to the potential revenues and financial liability risks to the Council (discussed further in note 6 on page 33).
- The change from the Council Tax Benefit to the reduced funded Council Tax Support Scheme, and the transfer of the Social Care Fund from the Department of Work and Pensions to the Council which both took place on 1 April 2013, and further changes under Welfare Reform, such as benefit capping and the introduction of Universal Credit, will have significant impact on the residents and businesses of the Borough.
- The Greater Manchester County area is a Government pilot for Community Budgets. As a consequence there could be further major changes to how public services in the area are funded through both the 2013 Comprehensive Spending Review and the possibility of a 'Place Based Settlement'. Certainly many 'people-facing' services are undertaking service changes as part of the Greater Manchester Public

Service Reform that supports the Community Budget Pilot.

- The Government continues to encourage schools to become academies, after which such schools become independent of the Council. Furthermore, Schools funding is also more restricted than it has been in the past causing schools to identify cost saving measures. A mix of Academies and a harder trading market with schools could have a consequential impact on service delivery and the recovery of overheads with non-schools trading services, as well as changes to funding distribution.
- As Government Departments respond to the higher austerity targets, there may be further changes to services and funding, which will not become clear until after the Comprehensive Spending Review, and potentially not until much later in 2013 or even 2014.
- In response to these many changes to services, funding, and overarching environment, and the requirements of the Localism Act 2011, the Council is also reviewing how it will organise itself and how it will work with partners and all relevant agencies to commission and deliver public services into the future.
- The code will change to accommodate IAS 19 Pension Benefit changes next year. In simple terms, how the rate of return on future investments is calculated will change. Should such changes have occurred this year, an additional £3.6m of expense would have been charged to the CIES, though this would have been mitigated by a transfer to the Pension Reserve such that there would have been no overall effect on the Council's funding.
- Other changes are; IAS1 Presentation to Financial Statements, IAS 12 Income Taxes and IFRS 7 Financial Instruments. These are briefly discussed in note 2, page 30, but it is not expected that these changes will have an effect on the primary statements or disclosure notes.

Ian Duncan CPFA
Director of Finance
26 September 2013

statement of responsibilities for the statement of accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

By the Director of Finance

I certify that the Statement of Accounts set out on the following pages gives a true and fair view of the financial position of Trafford Borough Council at 31 March 2013, and its income and expenditure for the year ended 31 March 2013.

Ian Duncan CPFA
Director of Finance
26 September 2013

By Chairman of the Accounts & Audit Committee

I confirm that these accounts were approved by the Accounts & Audit Committee.

Councillor Michael Whetton
Chairman of the Accounts & Audit Committee
26 September 2013

audit opinion

These accounts are subject to audit and the District Auditor's Certificate and Opinion will be shown on this page once completed.

comprehensive income and expenditure statement

About this Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2011/12		Year ended 31 March			2012/13		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
20,258	(17,613)	2,645	Central services to the public		18,171	(15,624)	2,547
13,825	(2,118)	11,707	Cultural & Related Services		13,632	(1,493)	12,139
18,598	(6,102)	12,496	Environmental & Regulatory services		18,733	(6,696)	12,037
18,942	(1,708)	17,234	Planning Services		16,183	(1,929)	14,254
207,703	(165,824)	41,879	Education and children's services		200,843	(151,056)	49,787
15,805	(3,307)	12,498	Highways and transport services		14,057	(2,746)	11,311
73,058	(63,122)	9,936	Housing services		74,324	(65,506)	8,818
72,447	(15,718)	56,729	Adult social care		70,281	(13,155)	57,126
4,207	(156)	4,051	Corporate and Democratic Core		4,335	(1,318)	3,017
4,364	(12)	4,352	Non Distributed Costs	47/48	4,765	0	4,765
449,207	(275,680)	173,527	Cost of Services		435,324	(259,523)	175,801
39,777	(29,254)	10,523	Other operating expenditure	9	37,967	(3,215)	34,752
38,121	(34,832)	3,289	Financing and investment income and expenditure	10	37,510	(30,588)	6,922
0	0	0	Surplus or deficit of discontinued operations		0	0	0
0	(199,495)	(199,495)	Taxation and non-specific grant income	11/39	0	(195,578)	(195,578)
		(12,156)	(Surplus) or Deficit on Provision of Services				21,897

comprehensive income and expenditure statement (continued)

		Year ended 31 March							
2011/12	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Service	Note	2012/13	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			(12,156)	(Surplus) or Deficit on Provision of Services					21,897
			53	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12				4,410
			0	(Surplus) or deficit on revaluation of available for sale financial assets	25(ii)				(19,086)
			66,500	Actuarial (gains)/losses on pension assets / liabilities	25(v)				37,900
			66,553	Other Comprehensive (Income) and Expenditure					23,224
			54,397	Total Comprehensive (Income) and Expenditure					45,121

balance sheet

About this Statement

The Balance Sheet shows the net value of all assets and liabilities recognised by the Council at a specific date, 31 March 2013, being the last day of the relevant accounting period for the financial year 2012/13. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories; usable or "cash-backed" reserves, and unusable which are accounting adjustment reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. The opening balance sheet has been adjusted in two areas. Firstly an adjustment of £2.582m has been made between the Revaluation Reserve and Capital Adjustment Account (CAA) in respect of historic revaluation adjustments to the value of Investment Property, which since the introduction of International Financial Reporting Standards are now held within the CAA. Notes 25 and 53 include details of the adjustment. The second adjustment is to take account of properties that were previously demolished as part of a town centre regeneration scheme but were not deleted from the balance sheet in earlier years. Note 53 details this adjustment of £489k.

31 March 2011 Restated £000	31 March 2012 Restated £000		Notes	31 March 2013 £000
410,077	407,985	Property, Plant & Equipment	12/53	410,638
1,023	1,017	Heritage Assets	13	1,011
29,925	29,061	Investment Property	14	28,707
1,147	2,468	Intangible Assets	15	2,398
0	0	Assets Held for Sale	21	0
12,216	10,214	Long Term Investments	16	29,300
12,175	12,064	Long Term Debtors	19	13,903
466,563	462,809	Long Term Assets		485,957
56,818	49,532	Short Term Investments	16	32,513
9,702	3,692	Assets Held for Sale	21	990
456	496	Inventories	17	370
38,149	27,212	Short Term Debtors	19	24,318
32,500	42,114	Cash and Cash Equivalents	20	28,351
137,625	123,046	Current Assets		86,542
(1,202)	(1,225)	Short Term Borrowing	16	(4,110)
(42,650)	(40,785)	Short Term Creditors	22	(37,222)
(1,329)	(4,227)	Short Term Provisions	23	(5,425)
(21,052)	(7,865)	Grants Receipts in Advance (Revenue)	39	(1,921)
(14,944)	(5,842)	Grants Receipts in Advance (Capital)	39	(3,186)
(81,177)	(59,944)	Current Liabilities		(51,864)

balance sheet (continued)

31 March 2011 Restated £000	31 March 2012 Restated £000		Notes	31 March 2013 £000
(36)	(36)	Long Term Creditors	22	(36)
(5,464)	(2,971)	Provisions	23	(2,544)
(101,667)	(101,901)	Long Term Borrowing	16	(99,330)
(17,089)	(2,754)	Revenue Grants & Contributions – Long-Term Receipts in Advance (REFFCUS)	39	(2,754)
0	(6,492)	Grants Receipts in Advance (Capital)	39	(7,095)
(112,136)	(179,947)	Other Long Term Liabilities – Pensions	25/48	(222,381)
(10,824)	(10,408)	Other long-term liabilities – Deferred	22	(10,214)
(247,216)	(304,509)	Long Term Liabilities		(344,354)
275,795	221,402	Net assets		176,281
(8,022)	(9,802)	General Fund Balance	7/8	(10,644)
(38,595)	(37,322)	Earmarked General Fund Reserves	7/8/24	(32,580)
(10,085)	(23,273)	Capital Receipts Reserve	7/24	(10,011)
(500)	(479)	Revenue Grants Unapplied (REFFCUS)	7	(271)
(5,377)	(15,586)	Capital Grants Unapplied	7	(24,916)
(62,579)	(86,462)	Usable Reserves	24	(78,422)
(27,684)	(24,495)	Revaluation Reserve	25	(18,119)
0	0	Available For Sale Financial Instruments Reserve	25	(19,086)
(308,345)	(300,098)	Capital Adjustment Account	25/53	(292,597)
6,614	6,411	Financial Instruments Adjustment Account	25	6,180
112,136	179,947	Pensions Reserve	25/48	222,381
(307)	(294)	Collection Fund Adjustment Account	25	(5)
0	0	Equal Pay Adjustment Account	25	0
4,369	3,589	Accumulated Absences Account	25	3,387
(213,217)	(134,940)	Unusable Reserves		(97,859)
(275,795)	(221,402)	Total Reserves		(176,281)

Ian Duncan CPFA
Director of Finance
26 September 2013

Accounts 2013

movement in reserves statement

About this Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves during 2012/13

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2012	9,802	37,322	23,273	479	15,586	86,462	134,940	221,402
Movement in reserves during 2012/13								
Surplus or (deficit) on the provision of services	(21,897)	0	0	0	0	(21,897)	0	(21,897)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(23,224)	(23,224)
Total Comprehensive Income and Expenditure	(21,897)	0	0	0	0	(21,897)	(23,224)	(45,121)
Adjustments between accounting basis & funding basis under regulations (note 7) *	17,328	667	(13,261)	(208)	9,331	13,857	(13,857)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	(4,569)	667	(13,261)	(208)	9,331	(8,040)	(37,081)	(45,121)
Transfers to/(from) Earmarked Reserves (note 8)	5,410	(5,410)	0	0	0	0	0	0
Increase/(Decrease) in 2012/13	841	(4,743)	(13,261)	(208)	9,331	(8,040)	(37,081)	(45,121)
Balance as at 31 March 2013	10,643	32,579	10,012	271	24,917	78,422	97,859	176,281

* lines in notes 7 & 8 do not sum in total due to accumulated roundings.

movement in reserves statement (continued)

Movement in Reserves during 2011/12 - Comparative Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied £000	Capital Grants unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance as at 31 March 2011	8,022	38,595	10,085	500	5,377	62,579	213,217	275,796
Movement in reserves during 2011/12								
Surplus or (deficit) on the provision of services	12,156	0	0	0	0	12,156	0	12,156
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(66,553)	(66,553)
Total Comprehensive Income and Expenditure	12,156	0	0	0	0	12,156	(66,553)	(54,397)
Adjustments between accounting basis & funding basis under regulations (note 7) *	(11,647)	0	13,188	(21)	10,209	11,729	(11,729)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves	509	0	13,188	(21)	10,209	23,885	(78,282)	(54,397)
Transfers to/(from) Earmarked Reserves (note 8)	1,271	(1,271)	0	0	0	0	0	0
Increase/(Decrease) in 2011/12	1,780	(1,271)	13,188	(21)	10,209	23,885	(78,282)	(54,397)
Balance as at 31 March 2012	9,802	37,322	23,273	479	15,586	86,462	134,940	221,402

* lines in notes 7 & 8 do not sum in total due to accumulated roundings.

cash flow statement

About this Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2011/12	2012/13
£000 Year Ended 31 March	£000
(12,156) Net (surplus) or deficit on the provision of services	21,897
(17,026) Adjustments to net surplus or deficit on the provision of services for non-cash movements	(20,791)
49,113 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24,069
19,931 Net cash flows from Operating Activities (note 26)	25,175
(27,792) Investing Activities (note 27)	(12,524)
(1,753) Financing Activities (note 28)	1,112
(9,614) Net increase or decrease in cash and cash equivalents	13,763
<u>(32,500) Cash and cash equivalents at the beginning of the reporting period</u>	<u>(42,114)</u>
<u>(42,114) Cash & cash equivalents at the end of reporting period (note 20)</u>	<u>(28,351)</u>

notes to the accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, and those regulations require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom in 2012/13 (the Code) and the Service Reporting Code of Practice (SeRCOP) for Local Authorities 2012/13, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(b) Accruals of Income and Expenditure

Economic activity is accounted for in the year that it relates, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

(c) Acquisitions and Discontinued Operations

There are no acquisitions or discontinued operations to report.

(d) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Demand deposits will include accounts where additional funds may be deposited and withdrawn at any time without prior notice e.g. a bank current account.

Cash equivalents are investments instantly repayable to the Council on demand which are readily convertible to known amounts of cash with insignificant risk of change in value. These will be balances held in Call Accounts and Money Market Funds with associated accrued interest.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(e) Exceptional Items

When exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are due to an understanding of the Council's financial performance.

(f) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(g) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible non-current assets attributable to the service.

Charges are based on the opening balance sheet value of the asset. Where assets are revalued during the year charges are based on the revaluation amount.

(h) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are benefits payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept

voluntary redundancy. Termination Benefits are charged on an accrual's basis to the appropriate service line within Cost of Services in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered nationally by the Teachers' Pensions Agency;
- the Greater Manchester Pensions Fund (part of the Local Government Pension Scheme), administered by Tameside MBC.

Contributions are paid to the Department for Education (DfE) for the teachers' pension scheme. The scheme is not funded, but the DfE uses a notional fund as the basis for calculating the employer's contribution rate.

For other staff, contributions are paid to the Greater Manchester Pension Fund, administered by Tameside MBC on behalf of the ten Greater Manchester District Councils. It is a contributory, final salary type, occupational pension scheme, which is contracted out of the state earnings related scheme. The contribution rate is determined by the Fund's Actuary, based on triennial valuations, the last full review being at 31 March 2010. Under Superannuation Regulations, contribution rates are set to meet 100% of overall liabilities.

The accounts are prepared in accordance with Accounting Standards which require all Councils to immediately recognise the total difference between the attributable net assets of the pension fund and the total actuarially assessed future payments to pensioners, and pensions due to the current workforce.

The actuarial valuation of pension liabilities are in accordance with CIPFA guidance, and for 2012/13 the discount rate employed is the yield available on long-dated, high quality corporate bonds at the valuation date of 31 March 2013 (which was 4.5% per annum, 4.8% as at 31 March 2012).

The service cost makes allowance for the removal of the "Rule of 85" for new members from 1 October 2006. No allowance is made for the removal of "Rule of 85" for new entrants since 31 March 2010. The actuary has advised that the effect of this is not considered material in actuarial terms. The service cost figures include an allowance for administration expenses of 0.2% of payroll.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(i) Events After the reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(j) Financial Instruments

Financial Liabilities (Debt and Interest Charges)

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. For many of the borrowings that the Council has this means that the annual charges to the Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the Effective Interest Rate.

For stepped Lender Option Borrower Option loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and the interest paid has been adjusted in the carrying amount of the loan and the amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Gains or losses arising on the repurchase or early settlement of borrowing are required to be recognised in the Comprehensive Income and Expenditure Statement in accordance with the Code in the period during which the repurchase or early settlement is made. Statutory guidance, effective from 1 April 2007 allows for the spreading of premium/discount to be taken over the unexpired life of the original loan or the life of the replacement loan.

However, where the repurchase of borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses have been reflected in the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement over the life of the loan using the Effective Interest Rate.

Premiums incurred in various debt restructuring exercises undertaken before 1 April 2007 are charged to the revenue account over the life of the replacement loan, in accordance with DCLG regulations (SI2007/573).

Financial Assets

Financial Assets are classified into three types:

- Loans and Receivables – these are assets that have fixed or determinable payments but are not quoted in an active market, examples being direct investments and trade debtors.

Accounting treatment: these assets are initially measured at fair value and carried at their amortised cost, where any interest receivable is spread evenly over the life of the investment. Credits to the CIES for interest receivable up to and including 31 March are based on the balance sheet amount multiplied by the effective interest rate. For most of the investments that the Council has made, the amount shown in the Balance Sheet is the outstanding principal plus the accrued interest up to and including 31 March.

- Available for Sale Assets – are those which have a quoted market price and/or do not have fixed or determinable payments, the primary example being the Council's shares in Manchester Airport Group.

Accounting treatment: assets that have a quoted market price are shown at that price, and those assets that do not have a fixed or determinable payment are initially measured and carried at fair value. Where dividends are received rather than a fixed amount of interest, income is credited to the CIES when it becomes receivable by the Council, i.e. the dividend is declared.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain or loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses are incurred, in which case these are debited to the CIES along with any net gain or loss for the asset accumulated in the Available for Sale Reserve. Any gains and losses that arise on derecognition of the asset are credited or debited to the CIES, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

- Unquoted Equity Instruments – are those assets not quoted at a market price, the Council currently has no such assets.

Accounting treatment: such assets would generally be carried at cost less impairment.

(k) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

(l) Government Grants and Contributions

Government grants and other contributions are accounted for on an accruals basis and are recognised when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

The grants are recognised in the Comprehensive Income and Expenditure Statement once any conditions, which stipulate how the grant is to be used to avoid repayment, are satisfied. Where they have not been satisfied they are carried on the Balance Sheet as creditors. Where grants are recognised in the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve, or Revenue Grants Reserve where they support revenue expenditure funded from capital under statute. Where it has been applied it is posted to the Capital Adjustment Account.

Where capital expenditure is classified as Revenue Expenditure Funded from Capital under Statute then any related grants or contributions are transferred to the service account in the Comprehensive Income and Expenditure Statement.

Council Tax Compensation, New Homes Bonus (NHB) and Local Services Support Grants (LSSG) are general grants allocated by central government directly to local authorities as additional revenue funding. They are all non-ringfenced and are credited to Taxation and Non-specific Grant Income in the Comprehensive Income and Expenditure Statement.

(m) Heritage Assets

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation in the accounts. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. They are therefore held by the Council in relation to the maintenance of heritage. The Council's separate policy on Heritage Assets includes details of the records maintained by the Authority of its collection of assets.

Heritage Assets are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The de-minimis threshold for a heritage asset is set at £10,000 in order to remain consistent with the Council's capitalisation policy. Where valuations or historic cost figures are available, the assets will be recognised on the Balance Sheet.

As there are no council-owned museums or galleries, the majority of the Council's heritage assets are retained for historical and cultural importance but not for public display. The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. Where it is disproportionately expensive to obtain valuations, the Code allows authorities to exclude such items from the Balance Sheet. Many of the assets are therefore not recognised on the Balance Sheet as valuations are not cost effective.

Trafford Town Hall Collection

The collection of silver, statues, paintings, furniture and other miscellaneous items are held at Trafford Town Hall due to their historical and cultural importance. These items are reported in the Balance Sheet at insurance valuations provided by Vivienne Milburn FRICS (Independent Antiques Valuer and Auctioneer) in July 2011. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Historic Buildings

The historic buildings were valued by the Council's Asset Manager – Estates and Valuations who is a member of the Royal Institute of Chartered Surveyors as part of the five year rolling programme. These buildings are non-operational and held for their cultural and historical value.

Depreciation on historic buildings will be charged in accordance with the Council's policy on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Proceeds from the disposal of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Heritage Assets not reported on the balance sheet

Trafford owns 25 listed assets that have heritage status per the National Planning Framework, e.g. Trafford Town Hall, Stretford Public Hall and numerous war memorials. Listed buildings like the Town Hall are used in the delivery of services and as such are included in the balance sheet as Property Plant and Equipment. In respect of other listed assets e.g. war memorials no valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements; those assets have not been included on the balance sheet.

(n) Intangible Assets

Intangible assets do not have physical substance but are controlled by the Council, for example software licences. Intangible assets are capitalised when it is expected that the future economic benefits or service potential will flow to the Council.

(o) Interests in Companies and Other Entities

The Council owns minority interests in a small number of companies, mainly arising from the dissolution of the former Greater Manchester County Council. In the Council's accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provisions for losses.

(p) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the weighted average costing formula. Work in progress on capital projects is included in the Balance Sheet within Assets Under Construction at historic cost.

(q) Investment Property

Investment property assets are held solely for revenue gain or capital appreciation and are not held to facilitate the delivery of Council services.

They are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties in an arm's length transaction. These properties are not depreciated but assessed annually for changes in fair value with any change being recognised in the Financing and Investment section of the Comprehensive Income and Expenditure Statement. Statutory arrangements do not allow any gains or losses to have an impact on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

(r) Jointly Controlled Operations and Jointly Controlled Assets

The Council does not have any joint venture arrangements with third parties.

(s) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Leases and lease-type arrangements have been reviewed. No reclassification has been required under the Code. The Council has no finance leases.

The Council as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(t) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2012/13* (SeRCOP). The main basis of apportionment is by estimation of time spent on the various services. The cost of administrative buildings has been recharged on the basis of floor area occupied. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation;
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(u) Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on assets is capitalised, provided that the item yields benefits to the Council for a period of more than one year and can be measured reliably. Routine repairs and maintenance of PPE are charged direct to service revenue accounts.

Measurement

Assets are initially measured at cost comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community and assets under construction – depreciated historical cost;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Depreciated replacement cost is used as an estimate of fair value when there is no market based evidence of fair value because of the specialist nature of the asset.

Assets are revalued on a five-year rolling programme, or where there has been a material change in value and any resulting change in value is debited or credited to the Revaluation Reserve as appropriate, to recognise losses or unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement for a particular asset where the Comprehensive Income and Expenditure Statement have previously been charged with an impairment loss for that asset. Losses on revaluation are written off to the Revaluation Reserve, or if no Revaluation Reserve exists for that asset, charged to the Comprehensive Income and Expenditure Account.

These revaluations are undertaken by a qualified internal valuer, with the exception of land relating to Manchester Airport, which is included in the accounts from a valuation provided by Manchester City Council's Valuer in 2012/13, based on the market value of the land.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which can be determined at the time of acquisition or revaluation, according to the following policies :-

- Freehold land, Investment Properties and Assets Held For Sale are not depreciated;
- newly acquired assets are not depreciated in the year of acquisition, and assets in the course of construction are not depreciated until they are brought into use.

For all other assets depreciation is calculated using the straight line method over the estimated useful life of the asset and are as follows:

- vehicles, plant and equipment between 3 and 8 years;
- all other property, including infrastructure and community assets between 10 and 55 years;
- intangible assets 20 years.

Where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

The capitalised costs of organisational pay restructuring are written down over 20 years.

Revaluation and Impairment Losses

Assets are reviewed annually at each year end for any impairment or revaluation loss. Where a loss has occurred on an asset used by the service these are written off to the Revaluation Reserve, where a balance exists, or charged to the service revenue account where there is no remaining balance on the Revaluation Reserve.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been

chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Any charges for the use of Property, Plant and Equipment with the exception of external interest payments have a neutral impact on the amount to be raised from local taxation and are reversed from service revenue accounts through the Movement in Reserves Statement to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that an asset will be sold then it is reclassified as an Asset Held For Sale. These assets are then carried at a value of the lower of its carrying amount and fair value less costs to sell.

When assets are disposed of or decommissioned the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal and matched against any capital receipt from the disposal. Any revaluation gains on the asset held in the revaluation reserve are transferred to the Capital Adjustment Account.

Individual asset disposal proceeds in excess of £10,000 are categorised as capital receipts.

Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with provisions of the Local Government Act 2003. They can be used to fund capital expenditure in the year, to meet debts or other liabilities, or used to cover payments to the Secretary of State under receipts pooling arrangements. Changes to the capital finance regulations were made during 2012/13 and regulations were introduced allowing the use of capital receipts raised from 2012/13 to fund outstanding equal pay claims.

Minimum Revenue Provision

In accordance with the Capital Finance & Accounting Regulations 2008, the Council is required to set aside a prudent Minimum Revenue Provision for repayment of debt. This is based on a prescribed formula and charged to the General Fund Balance in accordance with Council policy. This includes the amortisation of capitalisation directions for pay restructuring from the Secretary of State over 20 years.

(v) Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as the Council controls the residual interest in the asset at the end of the contract, the Council carries the assets used under the contract on the Balance Sheet.

The Council has entered into a Private Finance Initiative (PFI) contract for the provision of new office and community facilities in Sale Town Centre. The contract commenced in October 2003 with the initial period ending in 2028/29.

The original recognition of these assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;

- finance cost - an interest charge on the outstanding Balance Sheet Liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle replacement costs - recognised as Property, Plant and Equipment on the Balance Sheet.

(w) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up on the balance sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for Back Pay Arising from Unequal Pay Claims

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed in the future by events not wholly within the control of the Council. Contingent liabilities can also arise where it is either not probable economic benefits will flow out from the Council or the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable there will be an inflow of benefits or service potential to the Council.

(x) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In line with the Code, expenditure is charged to revenue and not directly to any reserve.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Insurance

The Council essentially self-insures on its major risk areas and operates with significant excess levels, for example liability insurance policies carry an excess of £275,000 and property insurance £250,000. A provision is maintained to cover costs for which it is

responsible for liability claims and a reserve is maintained for property related costs. Further details can be found in note 8 and 23.

(y) Revenue Expenditure Funded from Capital Under Statute (REFFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made. This reverses out the amounts charged so there is no impact on the level of Council Tax.

(z) VAT

VAT payable is included as an expense only to the extent that it is **irrecoverable** from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been Issued but have not yet been adopted

There have been several significant changes in relation to International Accounting Standard 19 Employee Benefits. IAS19 is changing for accounting years starting on or after 1 January 2013 and this will affect the budgeted pension expense for the next financial year. The key change affecting Local Government Pension Scheme employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no longer be permitted. The expected return on assets is currently credited to profit and loss, however from 2013 this is effectively replaced with an equivalent figure calculated using the discount rate (as opposed to that calculated using the Expected Return on Assets assumption). For 2012/13 this would result in a £3.6m expense increase in the CIES. However, this expense would be balanced by a transfer to the 'accounting adjustment' or unusable Pension Reserve, such that the effect would not impact on the funding of the Council.

The Code of Practice on Local Council Accounting in the United Kingdom 2012/13 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2013, the following changes are not considered to have a significant impact on the Statement of Accounts as demonstrated below:

- IAS 1 Presentation of Financial Statements – The changes require authorities to disclose separately the gains or losses classifiable into the Surplus or Deficit on the Provision of Services. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure required.
- IAS 12 Income taxes – This change in the accounting policy particularly affects investment properties. It is not considered that this change will affect the Statement of Accounts
- IFRS 7 Financial Instruments: Disclosures – The change in accounting policy is in relation to the offsetting of financial assets and liabilities. During 2012/13 the Council did not offset and transactions.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of future changes in levels of service provision;
- Leases - lease agreements have been reviewed and a determination made on whether these are finance or operating leases. This judgment has been based upon the degree to which the lease transfers the risks and rewards of ownership to the Council in accordance with IAS 17. It has been determined that all current lease arrangements are operating leases, with the exception of the PFI for Sale Waterside;
- Group accounts - arrangements with partners and third party bodies have been reviewed to assess the extent to which the Council is able to influence decisions or exert control over their operations. It has been determined that no group relationships exist with such bodies;
- Liabilities – liabilities have been reviewed and the appropriate accounting treatment applied based on a determination on the ability to estimate the amount, and also the level of certainty. Liabilities have been included accordingly in the accounting statements as either accruals, provisions or contingent liabilities;

- Component assets - where an asset value exceeds £1m a review is undertaken to determine whether any major components comprising plant, equipment and services exist and these components are depreciated separately.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Treasury management risk is considered in note 51.

There are no items in the Council's Balance Sheet at 31 March 2013 for which there is considered a significant risk of material adjustment in the forthcoming financial year. The following items are considered in further detail as potential risk:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over their useful life and these are dependent on certain levels of repair and maintenance regimes. The current funding pressures on local government pose an element of uncertainty on future levels of repair and maintenance which could have an impact on asset lives.	Changes in useful life will impact on future depreciation charges.
Provisions	<p>Equal Pay: The Council has made a provision of £3.8m for the settlement of claims relating to equal pay. There is some certainty over the payments required on current claims as negotiations with the legal representatives for most claimants are at an advanced stage. However, there remains the potential for future claims, particularly as this area of law is new and could allow for claims on grounds not yet foreseen. The legislation is retrospective covering employment going back to 2001, however, the Council has taken steps to limit liability and a senior team of officers maintain a careful watching brief.</p> <p>Insurance Claims: Annually the Council receives an independent actuary report that determines the amount to be set aside to cover the cost of outstanding liability claims. As at 31/3/13 the provision stands at £3.306m.</p> <p>MMI: A provision of £0.419m has been made as a consequence of the Council's former insurer, MMI, triggering a scheme of arrangement (Note 23 vi refers). The amount was based on an initial levy imposed on scheme creditors.</p>	<p>Based on the experience of other Councils it is anticipated that the current provision should prove sufficient. However, there is considerable uncertainty in this area, and a substantial increase in liability is not impossible. Such an increase would impact on available reserves, the application of capital receipts, and the revenue budget – particularly if the level of liability required prudential borrowing to smooth its effect over a number of future years.</p> <p>In the event that the cost of insurance claims exceeds this amount then the excess will be met from the insurance reserve.</p> <p>Should MMI request additional levy payments then this will be met from the insurance reserve.</p>

Pensions liability	The pensions liability is based on assumptions relating to discount rates used, future changes in salaries, changes in retirement ages, mortality rates and expected returns on pension fund assets. These assumptions are reviewed regularly. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Changes in liability are actuarially measured every three years, and increases in contributions spread over the following three years. The pension contribution is a key financial assumption in the medium term financial plan.
Arrears	At 31 March 2012, the Council had a balance on trade debtors of £3.7m. Impairment of doubtful debts was reviewed and an appropriate provision determined.	If collection rates were to deteriorate by 5%, this would require an estimated additional provision of £0.2m

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. Material Items of Income and Expense (Comprehensive Income & Expenditure Statement page 11)

During 2012/13, Manchester Airport Group acquired Stansted Airport, resulting in a change of structure. The Council's shareholding in Manchester Airport Holdings has reduced from a 5% holding to 3.22% of the airports capital as a result of the restructure. This change in structure has enabled the shareholding to be subject to a valuation using the earnings based and discounted cash flow methods and the figure as at 31 March 2013 is shown at fair value. Valuers have confirmed that it is impracticable to provide a retrospective fair valuation and therefore the value as at 31 March 2012 is shown at historic cost. The Council at this point in time is to retain these shares. The value of the shareholding as at 31 March 2013 is £29.3m representing an increase of £19.086m and this increase is reflected in the Available for Sale Financial Instruments Reserve. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding, the value held in these statements may not be realised.

The Comprehensive Income and Expenditure Statement includes a net loss of £6.045m on the sale of assets; included in this figure is a loss of £4.9m relating to the disposal of two schools who transferred to academy status during the year.

There are some significant items in the Comprehensive Income and Expenditure Statement related to revenue expenditure funded from capital under statute (REFCUS); these items are detailed within Note 41 Capital Expenditure and Capital Financing.

The accounts also include some significant one-off costs in relation to the Council's investment in the long term accommodation scheme which related primarily to the costs associated with the decant arrangements to Quay West. In 2011/12 these costs amounted to £1.3m and were financed from reserves.

There are no material items of income and expense not otherwise disclosed in the financial statements or accompanying notes.

6. Events After the reporting Period

Adjusting events after the reporting period

The draft 'pre-audit' Statement of Accounts were certified on 20 June 2013 by Ian Duncan CPFA, Director of Finance. Events taking place after this date are not reflected in the financial statements, however, a listing of potential matters that may become reflected in the final, 'post-audit' Statement of Accounts by virtue of them taking place before mid-September, have been included at the end of the foreword. Any material matters taking place after the draft Accounts date will be included in the final publication of the Statement of Accounts up to a publication date in mid-September.

Non-adjusting events after the reporting period

Non Domestic Rates – Appeals Outstanding at 31 March 2013

The following relates to a change in the distribution and share of business rates between Government and Local Authorities, which legally comes into force on 1 April 2013. This change does not affect the balance sheet as at 31 March 2013 because the law is not yet in force, however, as there are potential liabilities that could be material attention is drawn to the matter.

The current system of business rate collection can be characterised as the Council collecting business rates on behalf of the Government on an agency basis, and the Government redistributing the total of national business rates to all Local Authorities on a per head of population basis. From 1 April 2013 the Council will now retain 49% of business rates, which, up to the Government estimated baseline level will be similar funding to the previous system. The change in the system relates to the share of any gains or losses above or below this threshold. Previously all business rates, whether gain or loss on estimates, collected would go to the Government, whereas the new system will apportion gains and losses as follows:

	Gain	Loss	Loss to a maximum
Trafford Council	24.5%	49.0%	£2.4m in any year
Government	74.5%	50.0%	No maximum
GM Fire & Rescue	1.0%	1.0%	£48.7k in any year

One of the main issues that can impact on the level of business rates collected is the extent of back-dated revaluation awards made by the local Valuation Office, which is an agency of HMRC Treasury. There were outstanding appeals on rateable value in relation to 2012/13 and previous years in the sum of £187m of rateable value as at December 2012. It can take some time before a determination on an appeal is made, and more appeals can be made. Further, not all appeals will be successful, and those that are will not be awarded at 100%. There are other issues that could affect the achievement of the baseline, most notably, economic conditions, and bad debts or other non-collection.

As at 31 March the rateable value of all businesses in the Borough was £383m, with a tax yield of £163.4m. The Council has budgeted to achieve the baseline established by the Government of £151.6m, which suggests a margin of £11.8m for all of the above issues that would affect collection of business rates, including movement within the rateable value during the year. The Government has announced its intention to enact regulations which will allow for any liability arising out of failing to achieve the baseline to be spread over a five year period. It is also expected that any such legislation would defer the effect of any provision that may need to be established to recognise the extent of appeals outstanding such that it does not affect the budget of the Council until an actual loss is incurred, and even then, allowing it to be spread over five years.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year (see following tables). This is in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the Council to meet future capital and revenue expenditure.

7. Adjustments between Accounting Basis and Funding Basis under Regulations

2012/13	Usable Reserves 2012/13						2012/13
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets.	12,361	0	0	0	0	0	(12,361)
Revaluation losses on Property, Plant & Equipment.	6,381	0	0	0	0	0	(6,381)
Movements in the market value of Investment Properties.	395	0	0	0	0	0	(395)
Amortisation of intangible assets.	295	0	0	0	0	0	(295)
Capital grants and contributions applied.	0	0	0	0	0	0	0
Movement in the Donated Assets Account.	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute.	13,126	0	0	0	0	0	(13,126)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	6,044	0	3,215	0	0	0	(9,259)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	(4,423)	0	0	0	0	0	4,423
Capital expenditure charged against the General Fund and HRA balances.	(239)	0	0	0	0	0	239

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2012/13	Usable Reserves 2012/13 (continued)						2012/13 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
<u>Adjustments primarily involving the Capital Grants Unapplied Account:</u>							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(21,024)	0	0	0	0	21,024	0
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	(208)	(11,693)	11,901
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	667	(16,455)	0	0	0	15,788
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	21	0	(21)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	0
<u>Adjustments primarily involving the Deferred Capital Receipts Reserve:</u>							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2012/13	Usable Reserves 2012/13 (continued)						2012/13 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
<u>Adjustment primarily involving the Major Repairs Reserve:</u>							
Reversal of Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	0	0	0	0	0
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(231)	0	0	0	0	0	231
<u>Adjustments primarily involving the Pension Reserve:</u>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 48).	19,800	0	0	0	0	0	(19,800)
Employer's pension contributions and direct payments to pensioner's payable in the year.	(15,266)	0	0	0	0	0	15,266
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	289	0	0	0	0	0	(289)

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2012/13	Usable Reserves 2012/13 (continued)						2012/13 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
<p><u>Adjustments primarily involving the Equal Pay Adjustment Account:</u> Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.</p>	0	0	0	0	0	0	0
<p><u>Adjustments primarily involving the Accumulated Absences Account:</u> Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.</p>	(202)	0	0	0	0	0	202
Total Adjustments	17,328	667	(13,261)	0	(208)	9,331	(13,856)

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2011/12 Comparative Figures	Usable Reserves 2011/12						2011/12
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets.	11,649	0	0	0	0	0	(11,649)
Revaluation losses on Property, Plant & Equipment.	7,205	0	0	0	0	0	(7,205)
Movements in the market value of Investment Properties.	663	0	0	0	0	0	(663)
Amortisation of intangible assets.	93	0	0	0	0	0	(93)
Capital grants and contributions applied.	0	0	0	0	0	0	0
Movement in the Donated Assets Account.	(1,600)	0	0	0	0	0	1,600
Revenue expenditure funded from capital under statute.	12,218	0	0	0	0	0	(12,218)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(16,772)	0	29,228	0	0	0	(12,456)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment.	(4,523)	0	0	0	0	0	4,523
Capital expenditure charged against the General Fund and HRA balances.	(920)	0	0	0	0	0	920

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2011/12 Comparative Figures	Usable Reserves 2011/12 (continued)						2011/12 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(20,038)	0	0	0	0	20,038	0
Application of grants to capital financing transferred to the Capital Adjustment Account.	0	0	0	0	(20)	(9,829)	9,849
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure.	0	0	(16,006)	0	0	0	16,006
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals.	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	35	0	(35)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0	0	0	0	0	0	0

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2011/12 Comparative Figures	Usable Reserves 2011/12 (continued)						2011/12 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
<u>Adjustment primarily involving the Major Repairs Reserve:</u>							
Reversal of Major Repairs Allowance credited to the HRA.	0	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure.	0	0	0	0	0	0	0
<u>Adjustment primarily involving the Financial Instruments Adjustment Account:</u>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(203)	0	0	0	0	0	203
<u>Adjustments primarily involving the Pension Reserve:</u>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 48).	16,500	0	0	0	0	0	(16,500)
Employer's pension contributions and direct payments to pensioner's payable in the year.	(15,189)	0	0	0	0	0	15,189
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	13	0	0	0	0	0	(13)

7. Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2011/12 Comparative Figures	Usable Reserves 2011/12 (continued)						2011/12 Movements in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Revenue Grants Unapplied £000	Capital Grants Unapplied £000	
<p><u>Adjustments primarily involving the Equal Pay Adjustment Account:</u> Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.</p>	(0)	0	0	0	0	0	0
<p><u>Adjustments primarily involving the Accumulated Absences Account:</u> Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.</p>	(778)	0	0	0	0	0	778
Total Adjustments	(11,647)	0	13,187	0	(20)	10,209	(11,729)

8. Transfers to/from Earmarked Reserves (Balance Sheet page 13)

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14.

	Balance as at 1 April 2011 £000	Movements out 2011/12 £000	Movements in 2011/12 £000	Balance at 31 March 2012 £000	Movements Out 2012/13 £000	Movements In 2012/13 £000	Balance at 31 March 2013 £000
General Fund	8,022	(2,261)	4,042	9,803	(4,871)	5,712	10,644
Earmarked Reserves:							
Balances held by schools under a scheme of delegation	11,018	(272)	2,649	13,395	(4,913)	497	8,979
Other Earmarked Reserves:							
Computer Reserve To finance planned developments in network infrastructure, new systems and hardware.	431	(184)	0	247	(247)	0	0
Accommodation Strategy Reserve The Council is rationalising its office accommodation and short term finance has been made available to improve those premises being retained.	106	(25)	0	81	(81)	0	0
Synthetic Pitch Replacement Reserve This will be used towards replacing synthetic pitches across the Borough.	514	(226)	15	303	(213)	15	105
Training Reserve To undertake some corporate training across the Council.	25	(13)	402	414	(133)	231	512

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2011 £000	Movements out 2011/12 £000	Movements in 2011/12 £000	Balance at 31 March 2012 £000	Movements Out 2012/13 £000	Movements In 2012/13 £000	Balance at 31 March 2013 £000
Insurance Reserve Funds earmarked for future claims and to carry out various risk management initiatives.	8,047	(1,787)	47	6,307	(2,652)	267	3,922
Delegated Service Budgets Revenue budget under/overspends to be carried forward as part of the Council's Medium Term Financial Plans.	1,427	(588)	1,795	2,634	(2,479)	1,941	2,096
ICT Development Investment in new ICT to improve efficiency Council-wide.	600	0	97	697	(63)	277	911
Job Evaluation To pay for the additional costs associated with the Job Evaluation (PARIS) team and any additional legal/ancillary costs associated with the Equal Pay review.	396	(95)	0	301	(301)	0	0
Community Safety Investment in Community Safety initiatives.	22	0	0	22	0	0	22
Dedicated Schools Grant (DSG) Government grant specifically for the funding of schools and schools' related services.	981	(810)	0	171	0	2,134	2,305
Adult Social Care Reserve To facilitate and finance the transformational change of adult social services in order to deliver Putting People First and market transformation.	431	(400)	0	31	(31)	0	0

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2011 £000	Movements out 2011/12 £000	Movements in 2011/12 £000	Balance at 31 March 2012 £000	Movements Out 2012/13 £000	Movements In 2012/13 £000	Balance at 31 March 2013 £000
Economy Contingency/Olympic Reserve To cover potential adverse effects of economic conditions on the Council's finances, such as reduced income streams.	392	(76)	0	316	(263)	0	53
Elections Reserve To smooth the elections budget across the 4 year Municipal cycle.	166	(59)	0	107	(107)	0	0
Transformation Reserve Money set aside to pump prime the achievement of the next stage of efficiencies through the Transformation Programme.	2,079	0	0	2,079	(259)	0	1,820
Interest Rate Reserve To smooth the effect on the Council's budget of volatile movements in interest rates.	55	0	437	492	0	616	1,108
Waste Levy Reserve To smooth the effects on the Council's budget of movements in the waste levy over the medium term	1,144	0	914	2,058	0	1,307	3,365
Long Term Accommodation Decant Reserve To cover the cost of accommodation changes arising from the Long Term Accommodation Project	2,549	(1,759)	382	1,172	(1,351)	852	673
Employment Rationalisation Reserve To cover the cost of rationalising the employment of staff by the Council	3,716	(987)	86	2,815	(749)	88	2,154

Transfers to/from Earmarked Reserves (continued)

	Balance as at 1 April 2011 £000	Movements out 2011/12 £000	Movements in 2011/12 £000	Balance at 31 March 2012 £000	Movements Out 2012/13 £000	Movements In 2012/13 £000	Balance at 31 March 2013 £000
Telecare Reserve Investment in technology to help in enabling older and more vulnerable people to live independently in their own home.	500	(376)	0	124	(124)	0	0
Capital Reserve Investment in disabled facility schemes	1,000	(751)	800	1,049	(460)	1,517	2,106
LAA Performance Reward Grant Reserve Revenue element of grant to be allocated to schemes via the Trafford Partnership	1,579	(210)	0	1,369	(454)	0	915
Manchester Airport Debt Restructure Reserve Smoothing of airport debt restructure costs over the medium term	329	0	181	510	0	198	708
Prepaid Revenue Grants Reserve To hold revenue grants included in the Comprehensive Income and Expenditure Statement which are paid in advance, and which no conditions for repayment are attached. Balance is required to be offset future costs.	874	(874)	195	195	(195)	289	289
Winter Maintenance Reserve To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.					0	120	120
Other Reserves Other amounts earmarked for specific purposes.	214	0	220	434	(26)	8	416
Total Earmarked Reserves (incl. Schools)	38,595	(9,492)	8,220	37,323	(15,102)	10,357	32,579
Total Reserves	46,617	(11,753)	12,262	47,126	(19,973)	16,069	43,223

9. Other Operating Expenditure (Comprehensive Income & Expenditure Statement page 11)

2011/12		2012/13
£000		£000
88	Parish council precepts (i)	88
27,172	Levies (ii)	28,598
35	Payments to the Government Housing Capital Receipts Pool (iii)	21
12,482	Amount written off on disposal of non-current assets (iv)	9,259
(29,254)	Sale proceeds from disposal of non-current assets (iv)	(3,214)
10,523	Total	34,752

(i) Partington Town Council at its meeting of 13 December 2011 elected to set a precept of £88,358 which kept the level of council tax per Band D property in Partington at £42.50 in 2012/13, the same as in 2011/12.

(ii) Included are levies as follows:

2011/12		2012/13
Expenditure		Expenditure
£000		£000
126	Flood Defence	127
11,786	Waste Disposal Authority	12,668
15,260	Integrated Transport Authority	15,803
27,172	Total	28,598

(iii) In accordance with the Local Authority (Capital Finance and Accounting) Regulations 2003, from 1 April 2004 75% of capital receipts from the sale of council houses, after costs and mortgage repayments, are required to be paid to the Department for Communities and Local Government. This replaces the previous regulations whereby 75% of such receipts were required to be set aside by the Local Authority against the repayment of its own debt. CIPFA guidance requires any amount paid to the pool to be disclosed as expenditure in the Comprehensive Income & Expenditure Statement within Net Operating Expenditure, but wholly offset in the Statement of Movement on the General Fund Balance.

The amount paid to the pool in 2012/13 is £0.021m (£0.035m in 2011/12), and has a neutral effect on the Council's General Fund Balance.

(iv) During 2012/13 a net (gain)/loss on the disposal of assets was realised of £**6.045m** (£(16.772)m in 2011/12). This arises where the value of proceeds received is less than the value of those assets held on the balance sheet.

Gains and losses on the disposal of assets are reflected in the Comprehensive Income and Expenditure Statement and cancelled out in the Movement in Reserves Statement as there is no impact on the General Fund Balance of the Council.

10. Financing and Investment Income and Expenditure (Comprehensive Income & Expenditure Statement page 11)

2011/12		2012/13
£000		£000
6,216	Interest payable and similar charges	6,143
1,300	Pensions interest cost and expected returns on pensions assets (i)	5,100
(2,116)	Interest receivable and similar income (ii)	(1,795)
(744)	Income and expenditure in relation to investment properties and changes in their fair value (iii)	(1,257)
(367)	Residual (Surplus)/deficit on trading undertakings (iv)	(263)
(1,000)	Other investment income (v)	(1,006)
3,289	Total	6,922

(i) Pension interest cost is £30.2m (£30.6m in 2011/12) and expected return on assets £(25.1)m (£(29.3)m in 2011/12).

(ii) During 2012/13 the average amount invested in the money market was £79.4m, at an average interest rate of 0.88%. Investment interest generated for the year was £(1.795)m, including £(1.043)m of interest receivable from Manchester International Airport following the renegotiation of loan debt held by each of the Greater Manchester Authorities in February 2010. For 2011/12 the average amount invested was £99.1m at an average rate of 1.11%, producing £(2.116)m of investment interest, including £(1.043)m from the Airport.

(iii) Includes increase/(decrease) in the fair value of investment properties £(0.395)m (£(0.663)m in 2011/12). Net expenditure/(income) on investment properties is £(1.652)m, (£(1.408)m in 2011/12), also included in note 14.

(iv) Details on the financial activity of trading operations are included in note 31.

(v) During 2012/13 a share dividend of £(1.006)m was received from Manchester International Airport (£(1.000)m in 2011/12).

11. Taxation and Non-Specific Grant Income (Comprehensive Income & Expenditure Statement page 11)

2011/12		2012/13
£000		£000
(88,307)	Council tax income	(88,401)
(1,600)	(Gains)/losses on donated assets	0
(53,895)	Non domestic rates*	(64,547)
(35,655)	Non-ringfenced government grants*	(21,606)
(20,038)	Capital grants and contributions*	(21,024)
(199,495)	Total	(195,578)

* Further detail on grants is shown in note 39.

12. Property, Plant and Equipment (Balance Sheet page 13)

Movements on Balances 2012/13:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets £000	Community assets £000	Surplus Assets £000	Assets under construc- tion £000	Total £000
Cost or Valuation:							
As at 1 April 2012	246,100	26,931	183,249	18,495	17,353	11,881	504,009
Additions	6,055	152	3,841	564	38	21,747	32,397
Disposals (incl. adj. for academy school transfers)	(7,497)						(7,497)
Reclassification to Assets Held for Sale							
Other Reclassifications	1,620	155	12	370	(370)	(1,894)	(107)
Accumulated depreciation and impairment written out on revaluation adj	18,694	(6,212)	(1,541)		(1,095)		9,846
Revaluation increases/(decreases) recognised in the revaluation reserve	(4,527)			(1)	118		(4,410)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(6,176)				(205)		(6,381)
As at 31 March 2013	254,270	21,026	185,561	19,428	15,839	31,733	527,857
Depreciation and Impairments:							
As at 1 April 2012	(26,488)	(21,524)	(40,979)	(2,956)	(4,076)		(96,023)
Depreciation charged to CIES (ii)	(6,349)	(1,601)	(3,974)	(407)			(12,331)
Impairment charged to CIES							
Impairment written off to Revaluation Reserve							
Revaluation Reserve							
Disposals	982						982
Reclassifications							
Accumulated depreciation and impairment written out on revaluation adj	(18,694)	6,212	1,541		1,095		(9,846)
Revaluations							
As at 31 March 2013	(50,549)	(16,913)	(43,412)	(3,363)	(2,981)		(117,218)
Net Book Value:							
Balance Sheet amount as at 31 March 2013*	203,720	4,113	142,149	16,065	12,858	31,733	410,638
Balance Sheet amount as at 1 April 2012*	219,611	5,407	142,270	15,539	13,277	11,881	407,985

Nature of Asset Holding

Owned	191,299	4,113	142,149	16,065	12,858	31,733	398,217
Finance Lease	-						-
PFI(i)	12,421						12,421
Total	203,720	4,113	142,149	16,065	12,858	31,733	410,638

(i) Analysis of movement in the value of the PFI asset is as follows:

Movement in PFI Asset Value	£000
Opening Value 1 April 2012	12,490
Additions	115
Less Depreciation	(184)
Less Impairment	0
Closing Value 31 March 2013	12,421

(ii) Depreciation is provided for on all non-current assets, with the exception of freehold land, investment property and assets held for sale. New assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they become operational.

All other assets, including components, are written down using the straight line method over the estimated useful life of the asset, or in the case of intangible assets (software licences), the length of the licence.

The estimated useful lives of the assets are shown below:-

Asset Category	Useful Life
Vehicles, plant and equipment	Between 3 and 8 years
Intangibles	20 years
Infrastructure and Community assets	Between 10 and 40 years
Buildings	Between 15 and 55 years

There are no changes to depreciation methods used between 2011/12 and 2012/13.

Comparative Movements in 2011/12:

	Other land & buildings £000	Vehicles, plant & equipment assets £000	Infra - structure assets (ii) £000	Community assets (iv) £000	Surplus Assets £000	Assets under construc- tion £000	Total £000
Cost or Valuation:							
As at 1 April 2011	242,360	26,613	182,930	17,422	18,350	7,357	495,032
Restatement (*)	(556)						(556)
Restated Opening Balances	241,804	26,613	182,930	17,422	18,350	7,357	494,476
Additions	7,838	318	3,721	1,075	708	8,702	22,362
Disposals	(1,047)		(1,612)		(2,226)		(4,885)
Reclassification to Assets Held for Sale	(131)						(131)
Other Reclassifications	3,350		(90)	(2)	359	(4,178)	(561)
Revaluations	(5,714)		(1,700)		162		(7,252)
As at 31 March 2012	246,100	26,931	183,249	18,495	17,353	11,881	504,009
Depreciation and Impairments:							
As at 1 April 2011	(20,873)	(19,789)	(37,153)	(2,575)	(4,076)		(84,466)
Restatement (*)	67						67
Restated Opening Balances	(20,806)	(19,789)	(37,153)	(2,575)	(4,076)		(84,399)
Depreciation charged to CIES (iii)	(5,683)	(1,735)	(3,826)	(381)			(11,625)
Impairment charged to CIES			(1,700)				(1,700)
Impairment written off to Revaluation Reserve							0
Revaluation Reserve							0
Disposals			1,700				1,700
Reclassifications							0
Revaluations							0
As at 31 March 2012	(26,489)	(21,524)	(40,979)	(2,956)	(4,076)		(96,024)
Net Book Value:							
Balance Sheet amount as at 31 March 2012*	219,611	5,407	142,270	15,539	13,277	11,881	407,985
Balance Sheet amount as at 1 April 2011*	220,998	6,824	145,777	14,847	14,274	7,357	410,077
Nature of Asset Holding							
Owned	207,121	5,407	142,270	15,539	13,277	11,881	395,495
Finance Lease							
PFI(i)	12,490						12,490
Total	219,611	5,407	142,270	15,539	13,277	11,881	407,985

(*) The opening balance sheet has been adjusted to take account of properties that were previously demolished as part of a town centre regeneration scheme but were not deleted from the balance sheet in earlier years. Note 53 details this adjustment of £489k.

Valuation of Non-Current Assets held at fair value

This statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The valuations are carried out by the Council's own internal valuer - qualified staff working for the Corporate Director of Economic Growth and Prosperity. The basis for valuation is set out in the statement of accounting policies.

	Other land & buildings £000	Vehicles, plant & equipment £000	Surplus Assets £000	Total £000
Held at historic cost		4,113		4,113
Valued at current value in:				
Current Year (1 April 2012)	50,365		3,542	53,907
Previous year (1 April 2011)	8,909		202	9,111
Two years ago (1 April 2010)	26,300		1,606	27,906
Three years ago (1 April 2009)	71,714		6,941	78,655
Four years ago (1 April 2008)	46,432		567	46,999
Total	203,720	4,113	12,858	220,691

Assets have been revalued within a five year period by the Council's internal valuation service, except for the valuation of land at Manchester Airport which has been provided by the valuation service of Manchester City Council.

Treatment of Non-Community Schools

The Non-Current Assets and Long-Term Liabilities of Foundation Schools remain vested in the Governing Bodies of the Schools and therefore values and amounts have not been consolidated in the Council's Balance Sheet. The same principle also applies to Voluntary-Aided and Voluntary Controlled Schools. In this area there are 3 Foundation Schools (three transferred to academy status during 2012/13) and 23 Voluntary-Aided Schools (two transferred to academy status during 2012/13 and there was a merger of a junior and infant school into a primary school) and one Voluntary Controlled School.

Significant commitments under capital contracts as at 31 March 2013

As at 31 March 2013 the Council was contractually committed to capital expenditure which amounted to approximately £12.5m. Major contracts included the following schemes:

	£000
Springfield Primary School – Additional Places	5,048
Kings Road Primary School – Additional Places	4,400
Worthington Primary School	3,088
Total at 31 March 2013	12,536

13. Heritage Assets (Balance Sheet page 13)

In accordance with FRS 30, the Council is required to recognise and measure Heritage Assets at fair valuation in the 2012/13 accounts. Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

The heritage assets held by the Council include silver, paintings, furniture, statues, civic regalia, artefacts, sculptures and historic buildings. The movement in asset values is shown below:-

Movement in Heritage Asset Value	2010/11 £000	2011/12 £000	2012/13 £000
Opening Value 1 April	1,029	1,023	1,017
Additions	0	0	0
Disposals	0	0	0
Less Depreciation	(6)	(6)	(6)
Less Impairment	0	0	0
Closing Value 31 March	1,023	1,017	1,011

14. Investment Properties (Balance Sheet page 13)

The following table summarises the movement in fair value of investment properties over the year:

	2011/12 £000	2012/13 £000
Balance at start of year	29,925	29,061
Additions:		
§ Purchases		
§ Construction		
§ Subsequent expenditure		
Disposals		
Net gains/losses from fair value adjustments	(663)	(395)
Transfers:		
§ to/from Inventories		
§ to/from Property, Plant & Equipment	(199)	64
Other changes	(2)	(23)
Balance at end of year	29,061	28,707

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement:

	2011/12	2012/13
	£000	£000
Rental income from investment property	(2,049)	(2,425)
Direct operating expenses arising from investment	641	773
Net (gain)/loss	(1,408)	(1,652)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

15. Intangible Assets (Balance Sheet page 13)

The Council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life	Other Assets
5 years	Telephony Software System – Voice over IP
7 years	New Payroll System
10 years	Easy Software Upgrade
20 years	SAP - Social Care system
	SAP - Finance System
	Council Tax System

None of the software are internally generated.

The carrying amounts of intangible assets is amortised on a straight-line basis. The amortisation of £0.297m charged to revenue in 2012/13 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2011/12			2012/13		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
§ Gross carrying amounts	0	1,659	1,659	0	3,073	3,073
§ Accumulated amortisation		(512)	(512)		(605)	(605)
Net carrying amount at start of year	0	1,147	1,147	0	2,468	2,468
Additions:						
§ Internal development		327	327		194	194
§ Purchases		200	200		32	32
§ Acquired through business combinations						
Assets reclassified as held for sale						
Other disposals						
Revaluations increases or decreases						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(93)	(93)		(297)	(297)
Other changes		887	887			
Net carrying amount at end of year		2,468	2,468		2,397	2,397
Comprising:						
§ Gross carrying amounts		3,073	3,073		3,299	3,299
§ Accumulated amortisation		(605)	(605)		(902)	(902)
		2,468	2,468		2,397	2,397

Intangible assets relate to software licences acquired as part of the development of the Council's Integrated Business Information System (IBIS) and HR/Payroll System.

There are no items of capitalised software that are individually material to the financial statements.

16. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term Balance at 31 March 2012 £000	Short Term Balance at 31 March 2012 £000	Long Term Balance at 31 March 2013 £000	Short Term Balance at 31 March 2013 £000
Investments				
Available For Sale Financial Assets (AFSFA) - Long Term (i)				
MAG Shareholding (See note on "Interest in Companies" on page 57)	10,214	0	29,300	0
(a)				
Principal	0	0	0	0
Accrued Interest	0	0	0	0
Sub-total Long Term	10,214	0	29,300	0
Loans and Receivables (L&R) - Short Term (ii)				
Principal	0	49,300	0	32,400
Accrued interest	0	232	0	113
Sub-total Short Term	0	49,532	0	32,513
Loans and Receivables - Cash and cash equivalent:				
Cash at Bank	0	14,745	0	8,554
Principal	0	27,299	0	19,760
Accrued interest	0	70	0	37
Sub-total Cash and cash equivalent	0	42,114	0	28,351
Total investments	10,214	91,646	29,300	60,864
Financial Liabilities at Amortised Cost (FLAC) - Borrowings (iii)				
Loan (Principal amount)	100,472	272	97,415	3,056
Accrued Interest	0	953	0	1,054
Market loans EIR adjustments	1,429	0	1,915	0
Total Borrowings (b)	101,901	1,225	99,330	4,110
Other Financial Instruments				
L&R - MAG Loans (c) - included within Long term debtors	8,693	0	8,693	0
L&R - Section 106 debtors - included within Short Term debtors	0	3,308	0	2,479
L&R - Trade Debtors - included within Short Term debtors	0	6,601	0	3,679
Other long term liabilities (OLTL) - PFI and finance lease liabilities	6,540	163	6,367	173
FLAC - Trade Creditors included within short term creditors	0	15,818	0	14,616

(a) The value of shareholding as at 31 March 2012 was shown at historic cost and previously classified as unquoted equity at cost. Following the restructure in 2012/13 BDO LLP have provided a valuation of the Council's shareholding as at 31 March 2013 and this is now shown at fair value within available for sale financial assets.

(b) Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets and/or liabilities where the payments and/or receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

(c) This reflects the reclassification of the Manchester Airport Group loans following their successful restructuring in February 2010.

(i) **Interest in Companies - Long Term Investments (Balance Sheet page 13)**

31.03.11 £000	31.03.12 £000		31.03.13 £000
10,214	10,214	Shareholdings (i), (ii)	29,300
		Investments over 364 days	
0	2,002	Balance b/fwd	0
2	0	Add interest accrual	0
2,000	(2,002)	Net increase/(decrease) in investments	0
2,002	0	Sub-total investments over 364 days	0
12,216	10,214	Total	29,300

Shareholdings

Manchester Airport Group plc.

31.03.11 £000	31.03.12 £m	<i>Manchester Airport Consolidated Profit and Loss Account and Balance Sheet (Extract)</i>	31.03.13 £m
80.1	(6.7)	Profit/(Loss) before Tax	(30.1)
84.7	(9.2)	Profit/(Loss) after Tax	(21.8)
817.0	761.9	Net Assets	1,523.7

Note: The Group have chosen to account under International Financial Reporting Standards from the financial year ended 31 March 2006 onwards.

Dividends of £(1.006)m were received in the year 2012/13 (£(1.000)m in 2011/12). Further information on these accounts can be obtained from the Group Financial Accountant, Manchester Airport Group plc., 6th Floor Olympic House, Manchester Airport, Manchester M90 1QX (telephone no. 0161 489 5833).

MaST Lift Co.

The Council has a 2% shareholding of £200 (200 £1 equity shares) in the MaST Lift Co. This is a cross-sector partnership company, set up with the intent of improving primary health care facilities. Further information and details of the financial statements of MaST Lift Co. Ltd can be obtained from: MaST LIFT Company, Quay West, 5th Floor, West Wing, Trafford Wharf Road, Trafford Park, Manchester M17 1HH.

(ii) Short Term Investments (Balance Sheet page 13)

31.03.12 £000		31.03.13 £000
56,818	Balance b/fwd 1 April	49,532
232	Add interest accrual	113
(7,518)	Net increase/(decrease) in investments	(17,132)
49,532	Total	32,513

A figure of £52.3m (total investments of £60.9m less cash at bank of £8.6m) included within Short Term Investments (£76.9m in 2011/12, £91.6m less cash at bank of £14.7m) represents the investment of funds that are temporarily surplus to requirements placed for short periods and earn market rates of interest.

(iii) Long-Term Borrowing (Balance Sheet page 13)

31.03.11 £000	at 31.03.12 £000		Interest Rates	at 31.03.13 £000
Analysis by type of loan				
44,990	44,745	Public Works Loan Board	4.55%-11.5%	44,472
(245)	(273)	Less repayments due		(3,056)
0	0	Net increase/(decrease) in borrowings		0
44,745	44,472	Balance		41,416
Analysis by date of maturity				
36,932	56,922	Money Market Loans	2.0% - 4.99%	57,429
(10)	(10)	Net increase/(decrease) in annual charge		(10)
20,000	517	Net increase/(decrease) in borrowings		495
56,922	57,429	Balance		57,914
101,667	101,901	Total Loan Debt Outstanding		99,330
Analysis by date of maturity				
283	2,571	1 year to 2 years		1,964
7,283	7,527	2 years to 5 years		8,270
15,517	14,409	5 years to 10 years		15,593
10,709	8,570	10 years to 15 years		4,714
67,875	68,824	15 years+		68,789
101,667	101,901	Total Loan Debt Outstanding		99,330

Figures exclude amounts due to be repaid within 12 months.

In accordance with the Code the long term loans outstanding carrying amount shown on the balance sheet now includes the effective interest rate adjustment for the Council's three stepped interest rate market loans and positive attributable premium for both PWLB and market loans.

Movements in borrowings

	£000
Closing Balance 31 March 2012	101,901
Less Maturing Debt not replaced*	(3,056)
Net increase/(decrease) in annual charge	(10)
Add Stepped EIR adjustment	495
Add New debt taken	0
Closing Balance 31 March 2013	99,330

* Represents principal falling due for repayment in accordance with the terms of the loans.

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current asset / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For investments the prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities –

Liability	31 March 2012		31 March 2013				
	Carrying Amount	Fair Value	Principal	Add EIR adjustment	Add accrued interest	Carrying Amount	Fair Value
	£000	£000				£000	£000
FLMAC - PWLB	45,414	62,087	44,472	0	813	45,285	61,614
FLMAC- Market	57,712	49,516	56,000	1,914	241	58,155	51,460
Total debt	103,126	111,603	100,472	1,914	1,054	103,440*	113,074
OLTL - PFI finance lease	6,703	6,703	6,540	0	0	6,540	6,540
FLMAC- Trade creditors	15,818	15,818	0	0	0	14,616	14,616
Total	125,647	134,124	107,012	1,914	1,054	124,596	134,230

*Comprises – Long and Short Term Borrowing of £99.330m and £4.110m as indicated on Balance Sheet respectively.

Financial Assets

Investments	31 March 2012		31 March 2013			
	Carrying Amount	Fair Value	Principal Advances	Add accrued Interest	Carrying Amount	Fair Value
	£000	£000	£000	£000	£000	£000
L&R - Cash & Cash equivalents	14,745	14,745	0	0	8,554	8,554
- Cash at bank	27,369	27,369	19,760	37	19,797	19,797
- Deposits						
Total	42,114	42,114	19,760	37	28,351	28,351
L&R - Deposits over 1 year	0	0	0	0	0	0
L&R - Deposits under 1 year	49,532	49,532	32,400	113	32,513	32,513
AFSFA - Airport shares	10,214	10,214	29,300	0	29,300	29,300
L&R-MAG Loans	8,693	8,693	8,693	0	8,693	8,693
L&R-Section 106 debtors	3,308	3,308	2,479	0	2,479	2,479
L&R-Trade debtors	6,601	6,601	0	0	3,679	3,679
Total Financial Assets	120,462	120,462	92,632	150	105,015	105,015

The fair value is greater than the carrying amount because the Council's portfolio of liabilities and assets includes a number of fixed rate instruments where the interest rate payable and receivable are higher than the rates available for similar transactions in the market at the balance sheet date. This increases the fair value of financial liabilities and raises the value of Investments.

The fair values for both financial liabilities and assets have been determined by reference to the Public Works Loan Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and counterparty, but it is impractical to use these figures, and the differences are immaterial.

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments and referred to in note 10 are made up as follows;

	2011/12			2012/13		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Investments £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Investments £000	Total £000
Interest Expense	6,216		6,216	6,142		6,142
Total expense in Surplus or Deficit on the Provision of Services	6,216		6,216	6,142		6,142
Interest income		(3,116)	(3,116)		(2,801)	(2,801)
Total income on Surplus or Deficit on the Provision of Services		(3,116)	(3,116)		(2,801)	(2,801)
Net gain/(loss) for the year	6,216	(3,116)	3,100	6,142	(2,801)	3,341

Note – The share dividend received from Manchester Airport Group is included within interest income

17. Inventories (Balance Sheet page 13)

The Council held the following inventories at 31 March 2012 and 2013. All are related to consumable stores.

	Consumable Stores	
	31.3.12 £000	31.3.13 £000
Balance outstanding at start of year	456	496
Purchases	2,275	2,463
Recognised as an expense in the year	(2,235)	(2,491)
Written off balances		(98)
Reversals of write-offs in previous years		
Balance outstanding at year-end	496	370

18. Work in Progress (Construction Contracts)

This refers to work in progress, but not yet complete, that the Council is undertaking on behalf of other organisations on a fee basis. There are no such contracts to report.

19. Debtors (Balance Sheet page 13)

Long Term Debtors & Prepayments

31.3.11 £000	31.3.12 £000		31.3.13 £000
93	47	Council Houses (Mortgages)	23
22	6	Private Dwellings (Mortgages)	0
1,210	1,143	Probation Service (i)	1,050
13	6	Car Loans to Staff	0
8,693	8,693	Manchester Airport Plc. (ii)	8,693
573	658	Sale PFI – lifecycle replacement (iii)	680
300	240	MUFC Deferred Debtor (iv)	180
1,271	1,271	Homestep Loans (v)	1,277
0	0	Local Authority Mortgage Scheme (vi)	2,000
12,175	12,064	Total	13,903

- (i) The Council acts as 'lead' authority in providing loans to the Greater Manchester Probation Service (GMPS) to assist in the financing of their capital programme. These advances are repaid with interest over varying periods finishing in 2031/32.
- (ii) The Council together with the other nine Greater Manchester authorities is a shareholder in Manchester Airport plc. During 2009/10, in exchange for a greater level of coupon rate receivable, all ten councils agreed to restructure the long term loans that had previously been made to the Airport to finance capital expenditure. As a result of this, these loans which were previously classed as secure loans have become unsecured loans, although with minimal risk. The revised loan agreement is due to expire in 2055.
- (iii) Private Finance Initiative (PFI) – The Council has a PFI scheme for the provision of new office and community facilities in Sale Town Centre. Amounts payable under the arrangement to the PFI operator in respect of lifecycle costs are included as prepayments. These amounts will be written down to the asset when lifecycle works are undertaken.
- (iv) MUFC Deferred Debtor – A Section 106 agreement was entered into with Manchester United Football Club in March 2005 relating to the stadium improvements completed in 2006. The agreement provides for the funding of works on transport infrastructure improvements, match day improvements measures and improvements to sporting facilities in the borough. In addition to £0.400m received in 2006/07, an amount of £0.600m is due over the next ten years in annual instalments of £0.060m per year. The £0.060m instalment due in 2013/14 is included within short-term debtors in the Balance Sheet.
- (v) Homestep Loans – these are loans provided to first time buyers to assist key workers to purchase a home. The amount advanced has been included as a long term debtor and is repayable when the property is sold.
- (vi) Local Authority Mortgage Scheme – as part of the scheme launched in May 2012, the Council provides an indemnity to Lloyds TSB to allow suitable first time buyers to access the housing market with a 5% deposit instead of a usual 25% deposit. In effect, the Council provides a 'cash backed' indemnity to Lloyds TSB to cover the 20% of the mortgage price in the event of a default within the first 5 years of the mortgage period. The fair value of the debtor remains at £2m due to no defaults occurring in 2012/13.

Short Term Debtors and Payments in Advance

31 March 2011 £000	31 March 2012 £000	Amounts falling due within one year	31 March 2013 £000
8,352	8,417	Council Tax	8,003
3,586	1,435	Business Rates – Government debtor	2,141
4,044	2,055	Other Government Departments	3,406
4,333	4,281	Payments in advance	4,300
10,426	0	S106 agreement – Barton Square	0
19,248	23,075	Other	18,646
49,989	39,263	Sub Total	36,496
(11,840)	(12,051)	Less Provision for Bad and Doubtful Debts	(12,178)
38,149	27,212	Total	24,318

Short-term debtors are also analysed by the party to which they relate, in accordance with the Code:

31 March 2011 £000	31 March 2012 £000		31 March 2013 £000
7,630	3,490	Central Government Bodies	5,548
452	467	Other Local Authorities	323
253	137	National Health Service Bodies	41
56	158	Public Corporations and Trading Funds	83
29,758	22,960	Bodies External to General Government	18,323
38,149	27,212	Total	24,318

20. Cash and Cash Equivalents (Balance Sheet page 13)

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2011 £000	31 March 2012 £000		31 March 2013 £000
11,147	14,745	Cash held by the Council/Bank current accounts	8,554
21,353	27,369	Short-term deposits	19,797
32,500	42,114	Total Cash and Cash Equivalents	28,351

21. Assets Held for Sale (Balance Sheet page 13)

All assets held for sale are classified as current as are expected to be sold within the next financial year, there are no long term assets held for sale.

	Current assets	
	2011/12	2012/13
	£000	£000
Balance outstanding at start of year	9,702	3,692
Assets newly classified as held for sale:		
§ Property, Plant and Equipment	131	
§ Intangible Assets		
§ Other assets/liabilities in disposal group	1,669	
Revaluation losses		
Revaluation gains		
Impairment losses		
Assets held as declassified for sale:		
§ Property, Plant and Equipment		
§ Intangible Assets		
§ Other assets/liabilities in disposal group		
Assets sold	(7,597)	(2,744)
Transfers from non-current to current (Other movements)	(213)	42
Balance at year-end	3,692	990

Strict criteria restricts what assets can be classed as held for sale and the Council's surplus property included within Property, Plant and Equipment (note 12) has been reviewed by the Council's valuers and reclassified where necessary to this category.

22. Creditors and Receipts in Advance (Balance Sheet page 13)

Long Term Creditors

This includes £0.036m (£0.036m in 2011/12) for the maintenance of graves at cemeteries.

Long-Term Liabilities – Deferred

31 March 2011 £000	31 March 2012 £000		31 March 2013 £000
6,702	6,540	Sale PFI – Finance Lease liability (i)	6,367
1,081	1,160	Sale PFI liability (ii)	1,277
1,223	1,127	Greater Manchester Debt Administration Fund – MIA (iii)	1,027
133	74	Council house mortgages (iv)	42
181	174	Trafford Park Development Corporation (v)	174
1,504	1,333	Commuted sums/S106 agreements (vi)	1,327
10,824	10,408	Total	10,214

- (i) This relates to the lease liability on the Sale Waterside PFI scheme (note 43).
- (ii) Sale PFI liability – amount set aside to cover the final bullet payments due at the end of the PFI contract (note 43).
- (iii) This is the deferred long term liability relating to Manchester Airport debt (see note 49b).
- (iv) £0.042m is due from the sale of council houses and other dwellings where buyers have entered into a mortgage agreement with the Council. Therefore the repayments will be received in instalments over a number of years.
- (v) Prior to its wind up on 31 March 1998 the Trafford Park Urban Development Corporation paid the sum of £1.3m in recognition of the Council agreeing to pay some of the corporation's outstanding liabilities and carrying out certain works. There is a remaining balance of £0.174m as at 31 March 2013.
- (vi) The Council has also received commuted sums from developers, in particular for the development and maintenance of open spaces. This will be released to the revenue account when the cost of providing these services falls due.

Short Term Creditors

31 March 2011 £000	31 March 2012 £000		31 March 2013 £000
4,008	3,761	HM Revenue and Customs	3,581
34	1,558	Other Government Departments – sundry	0
28,226	24,946	Sundry Creditors	24,323
0	210	Carbon Reduction Commitment *	260
4,368	3,589	Employees – accumulated absences	3,387
3,554	3,588	Receipts in Advance – Council Tax	3,415
2,460	3,133	Other Receipts in Advance	2,256
42,650	40,785	Total	37,222

* The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. An estimated liability of £255k (£203k schools and £52k non schools) has been charged to the Consolidated Income & Expenditure Account in 2012/13 and is included in Short Term Creditors above.

Short-term creditors and receipts in advance are also analysed by the party to which they relate, in accordance with the Code:

31 March 2011 £000	31 March 2012 £000		31 March 2013 £000
4,040	3,761	Central Government Bodies	3,581
1,303	1,533	Other Local Authorities	1,590
12	66	National Health Service Bodies	204
225	88	Public Corporations and Trading Funds	161
37,070	35,337	Bodies External to General Government	31,686
42,650	40,785	Total	37,222

23. Provisions (Balance Sheet page 13)

The Council has the following total provisions at 31 March 2013:

	Balance 1 April 2011 £000	Net Movement in Year £000	Balance 1 April 2012 £000	Net Movement in Year £000	Balance 31 March 2013 £000
Total Provision					
Insurance (i)	2,746	717	3,463	(157)	3,306
Equal Pay (ii)	3,221	(53)	3,168	667	3,835
S117 Mental Health Act (iii)	488	(70)	418	(300)	118
VAT on Parking income (iv)	135	0	135	0	135
Employee Rationalisation (v)	203	(189)	14	142	156
MMI Clawback (vi)	0	0	0	419	419
Total	6,793	405	7,198	771	7,969

- (i) Insurance £3.306m – The Council is effectively self-insured with high excesses on most insurance policies. The Council mitigates its insurance risk with the use of reserves, provisions and catastrophe cover from an insurance company, which for 2012/13 was primarily Travellers. The Council is therefore obliged to make a provision each year in respect of potential claims, most of which are received in future years. The level of provision is assessed independently each year by an actuary, for 2012/13 this was AON Global Risk Consultants. In 2012/13, from a starting balance of £3.463m contributions of £0.748m were made to the provision, £0.905m of claims were paid, leaving a balance on the provision of £3.306m which is deemed an appropriate balance to cover any outstanding liabilities.
- (ii) Liabilities arising from claims under Equal Pay legislation from employees who may have been disadvantaged under the Council's previous pay scheme operating up to 31 December 2008 have been estimated at £3.835m. Of this £1.391m has been capitalised. The Council is actively engaged in trying to settle the majority of claims in the next period.
- (iii) Provision of £0.118m (£0.418m in 2011/12) for charges which may have been unlawfully levied under S117 of the Mental Health Act 1983 and which may be required to be repaid. This is as a result of court and subsequent Ombudsman rulings affecting all local authorities who have made such charges.
- (iv) VAT on car parking of £0.135m (£0.135m in 2011/12). These monies are held pending the outcome of outstanding litigation affecting all local authorities in respect of the VAT liability for off-street car parking.
- (v) Employee Rationalisation – the Council has severance agreements with a number of staff which may or may not be taken up pending the rationalisation of employment within the Council. The estimated cost of these agreements is £0.156m (£0.014m in 2011/12).
- (vi) In January 1994, the Council's insurer at that time, Municipal Mutual Insurance (MMI), made a Scheme of Arrangement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities, a claw back clause will be triggered, which could affect claims already paid. At 31 March 2013 £1.942m of Trafford Council claims had already been paid (£1.900m at 31 March 2012), with outstanding claims of £0.160m (£0.245m at 31 March 2012).

The Greater Manchester Council's (GMC) former insurer was also MMI. At 31 March 2013 £10.711m of claims relating to GMC had already been paid (£10.711m at 31 March 2012) with outstanding claims estimated at £0.0m (£0.025m at 31 March 2012). GMC ceased to exist on 31 March 1986 and any

residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30 June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. The Council's share of this liability is presently 8.46% and the share of the ex-GMC claims paid and outstanding at 31 March 2013 is £0.902m.

On 13 November 2012, the directors of MMI 'triggered' MMI's Scheme of Arrangement ('the Scheme') under section 899 of the Companies Act 2006. This was because solvent run off could not be foreseen and there was no alternative to insolvent liquidation. The Scheme Administrator has set an initial levy of 15% of claims for which scheme creditors have received settlement of more than £50,000. Where scheme creditors are owed amounts from claims not yet paid by MMI, the settlement will be reduced to 85%.

It is now known that the claw back clause will be invoked and therefore a provision for the potential liability has been made in the balance sheet set at the initial 15% levy. This presently equates to £0.283m for Trafford and £0.136m for the share of the former GMC.

Movement in provisions at 31 March 2013 is summarised as follows:

	Outstanding Legal Cases	Injury and Damage Compensation Claims	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2012	3,303	3,463	432	7,198
Additional provisions made	667	748	575	1,990
Amounts used		(905)	(314)	(1,219)
Unused amounts reversed				0
Unwinding of discounting				0
Balance as at 31 March 2013	3,970	3,306	693	7,969

An element of the above provisions have been classified as short-term on the balance sheet based on the assumption that there is a high likelihood that they will be used within 12 months of the balance sheet date:

Balance 31 March 2011 £000	Balance 31 March 2012 £000	Provisions	Balance 31 March 2013 £000
1,126	1,045	Insurance	1,015
0	3,168	Equal Pay	3,835
203	14	Employee Rationalisation	156
0	0	MMI Clawback	419
1,329	4,227	Total Short Term	5,425
1,620	2,418	Insurance	2,291
3,221	0	Equal Pay	0
488	418	S117 Mental Health Act	118
135	135	VAT on Parking income	135
5,464	2,971	Total Long Term	2,544
6,793	7,198	Total	7,969

24. Usable Reserves (Balance Sheet page 13)

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement and in note 7. The following additional information is provided relating to reserves held by schools.

(i) Reserves & Balances held by Schools under Delegated Schemes

In accordance with the Council's approved scheme for delegating budgets to schools, the amount of any budget not spent in the year is carried forward. These reserves are not available to the Council for general use, it is for each school to determine how they are spent. The surplus balances at 31 March 2013 were £(8.961)m (£(13.396)m at 31 March 2012, including 7 schools who transferred to Academy status in 2012/13), which includes £(8.929)m of revenue balances and £(0.032)m of capital balances.

At 31 March 2013 there were 4 schools with a deficit balance on their revenue reserves, amounting to £0.127m, whilst 72 schools had surplus balances amounting to £(9.056)m.

In addition, there are unspent devolved formula capital balances of £(1.230)m, which are included within Capital Grants and Contributions on the balance sheet (note 39).

(ii) Capital Receipts Reserve

The Local Government Act 2003 requires that a percentage of housing capital receipts be paid over to the Government under the pooling regulations. The balance, is held in the Capital Receipts Reserve to meet new capital expenditure, debts or other liabilities.

2012		2013
£000		£000
(10,085)	Balance carried forward at 1 April	(23,273)
(29,229)	Capital receipts in the year from sale of assets(net of disposal costs)	(3,209)
(39,314)	Sub-total	(26,482)
35	Less amount payable to Government re pooling liability	21
16,006	Amount used to finance capital expenditure in year	15,783
	Amounts used to cover the increase in the Equal Pay provision	667
(23,273)	Balance carried forward at 31 March	(10,011)

25. Unusable Reserves (Balance Sheet page 13)

Total unusable reserves balances and movements are shown in the Movement in Reserves Statement and in note 7. The following notes give an explanation by individual reserve.

31 March 2011 £000	31 March 2012 £000	Unusable Reserves	31 March 2013 £000
(27,684)	(24,495)	Revaluation Reserve (i)	(18,119)
0	0	Available for Sale Financial Instruments Reserve (ii)	(19,086)
(308,345)	(300,098)	Capital Adjustment Account (iii)	(292,597)
6,614	6,411	Financial Instruments Adjustment Account (iv)	6,180
112,136	179,947	Pensions Reserve (v)	222,381
(307)	(294)	Collection Fund Adjustment Account (vi)	(5)
4,369	3,589	Accumulated Absences Account (vii)	3,387
(213,217)	(134,940)	Total Unusable Reserves	(97,859)

(i) Revaluation Reserve

- The Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:
 - revalued downwards or impaired
 - used in the provision of services and the gains are consumed through depreciation, or
 - disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The Account has been restated by £2.582m in respect of an historic balance relating to the revaluation of Investment Property, which since the introduction of International Financial Reporting Standards, is now held within the Capital Adjustment Account.

2011/12 £000		2012/13 £000
(30,266)	Balance as at 1 April	(24,495)
2,582	Adjustment to Capital Adjustment Account for pre IFRS revaluations on investment property	
(27,684)	Restated Balance	
(1,393)	Upward revaluation of assets	(3,981)
1,441	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	8,391
48		4,410
0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0
432	Difference between fair value depreciation and historical cost depreciation	381
2,709	Accumulated gains on assets sold or scrapped	1,585
3,141	Amount written off to the Capital Adjustment Account	1,966
(24,495)	Balance as at 31 March	(18,119)

(ii) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:-

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised

In 2012/13 the Council revalued its shareholding in Manchester Airport which resulted in an increase in value from £10.214m to £29.300m, the increase of £19.086m is reflecting in the Available for Sale Financial Instruments reserve, the original investment of £10.214m forms part of the Capital Adjustment Account balance.

2011/12	2012/13
£000	£000
0 Balance as at 1 April	0
0 Upward revaluation of investment	(19,086)
0 Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0
0	(19,086)
0 Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
0 Balance as at 31 March	(19,086)

(iii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account contains amounts required by statute to be set aside from capital receipts and Government grants together with the amount set aside from revenue accounts for the repayment of debt. It also contains the amounts used from revenue, capital receipts and grants to finance the capital programme. The reserve is not available to supplement spending programmes of the Council. A credit balance on this account reflects that capital finance has been set aside at a faster rate than non-current assets have been consumed. **The Account has been restated by £2.582m in respect of an historic balance relating to the revaluation of Investment Property, which since the introduction of International Financial reporting Standards, are now held within the Capital Adjustment Account.**

2011/12 £000		2012/13 £000	2012/13 £000
(306,252)	Balance as at 1 April		(300,098)
489	Adjustment to opening value for assets previously disposed of:-		
(2,582)	Adjustment from Revaluation Reserve for pre IFRS revaluations on investment property		
(308,345)	Restated opening balance:-		
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
18,855	- Charges for depreciation and impairment of non-current assets	18,741	
	- Revaluation losses on Property, Plant and Equipment		
93	- Amortisation of intangible assets	297	
12,219	- Revenue expenditure funded from capital under statute	13,126	
12,482	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,259	
43,649		41,423	
(3,141)	Adjusting amounts written out of the Revaluation Reserve	(1,966)	39,457
	Net written out amount of the cost of non-current assets consumed in the year		
	Capital financing applied in the year:		
(16,006)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(15,784)	
(9,828)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(11,901)	
(4,523)	- Statutory provision for the financing of capital investment charged against the General Fund Balance	(4,424)	
(920)	- Capital expenditure charged against the General Fund Balance	(239)	
(31,277)		(32,348)	
663	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	395	
(1,600)	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
(47)	Other Adjustments	(3)	(31,956)
(300,098)	Balance as at 31 March		(292,597)

(iv) **Financial Instruments Adjustment Account**

2011/12 £000		2012/13 £000
6,614	Balance as at 1 April	6,411
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	0
(203)	Less annual charge for premiums incurred in previous financial years and stepped loan EIR adjustment	(231)
0	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0
6,411	Balance at 31 March	6,180

The above table details the transactions generated in accordance with the Code and includes outstanding premium incurred from past debt restructuring exercises on which the replacement loan does not meet one of following criteria;

- Replaced on same day;
- Replaced with same lender;
- Net Present Value of future cash flows of the repaid loan compared to the replacement loan does not produce a saving of less than 10%.

In addition to this, the equalisation of interest on the two stepped interest rate market loans calculated over their full life was transferred into this account with the annual recharge to the income & expenditure changing from that actually incurred to one calculated on an Effective Interest Rate basis. The balance on the account at 31 March 2013 will be charged to the General Fund in accordance with statutory arrangements over the next 30 years.

(v) **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/12 £000		2012/13 £000
112,136	Balance as at 1 April	179,947
66,500	Actuarial (gains) or losses on pensions assets and liabilities	37,900
16,500	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	19,800
(15,189)	Employer's pension contributions and direct payments to pensioners payable in the year	(15,266)
179,947	Balance as at 31 March	222,381

(vi) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2011/12		2012/13
£000		£000
(307)	Balance as at 1 April	(294)
13	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	289
(294)	Balance as at 31 March	(5)

(vii) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The reduction in the balance at 31 March 2013, relates to schools transferring to academy status during 2012/13.

2011/12		2012/13
£000		£000
4,369	Balance as at 1 April	3,589
(4,369)	Settlement or cancellation of accrual made at the end of the preceding year	(3,589)
3,589	Amounts accrued at the end of the current year	3,387
(780)	Amount by which amounts officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(202)
3,589	Balance as at 31 March	3,387

26. Cash Flow Statement – Operating Activities (page 17)

The cash flows for operating activities include the following items:

2011/12		2012/13
£000		£000
(2,037)	Interest received	(1,880)
5,310	Interest paid	5,143
(1,000)	Dividends received	(1,006)

27. Cash Flow Statement – Investing Activities (page 17)

The cash flows for investing activities include the following items:

2011/12 £000		2012/13 £000
25,873	Purchase of property, plant and equipment, investment property and intangible assets	29,582
(9,288)	Purchase / (proceeds) of short-term and long-term investments	(17,019)
0	Other payments for investing activities	0
(29,228)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,209)
(15,149)	Other receipts from investing activities	(21,878)
(27,792)	Net cash flows from investing activities	(12,524)

28. Cash Flow Statement – Financing Activities (page 17)

The cash flows for financing activities include the following items:

2011/12 £000		2012/13 £000
0	Cash receipts of short and long-term borrowing	0
(2,105)	Other receipts from financing activities	0
153	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	163
199	Repayments of short and long-term borrowing	199
0	Other payments for financing activities	750
(1,753)	Net cash flows from investing activities	1,112

29. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on support services is reported in the directorate in which the direct costs and income relate, and not on a recharged basis.

The income and expenditure of the Council's principal directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2012/13	Children & Young People Services	Communities & Wellbeing	Economic Growth & Prosperity / Environment Transport & Operations	Transformation & Resources	Council Wide	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(5,980)	(14,022)	(17,332)	(8,934)	(7,794)	(54,062)
Government grants	(141,952)	(10,394)	(1,034)	(2,953)	(81,699)	(238,032)
Total income	(147,932)	(24,416)	(18,366)	(11,887)	(89,493)	(292,094)
Employee expenses	100,739	14,546	10,264	19,263	2,831	147,643
Other service expenses	71,408	59,157	43,462	11,641	111,063	296,731
Support service recharges	651	0	0	0	0	651
Total expenditure	172,798	73,703	53,726	30,904	113,894	445,025
Net expenditure	24,866	49,287	35,359	19,017	24,401	152,931

Directorate Income and Expenditure 2011/12	Children & Young People Services	Communities & Wellbeing	Economic Growth & Prosperity / Environment Transport & Operations	Transformation & Resources	Council Wide	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(5,932)	(14,762)	(16,676)	(7,161)	(6,631)	(51,162)
Government grants	(158,382)	(14,185)	(1,300)	(3,791)	(78,847)	(256,505)
Total income	(164,314)	(28,947)	(17,976)	(10,952)	(85,478)	(307,667)
Employee expenses	103,855	17,042	9,738	20,367	3,305	154,307
Other service expenses	85,836	66,735	40,448	9,927	106,066	309,012
Support service recharges	649	0	0	0	0	649
Total expenditure	190,340	83,777	50,186	30,294	109,371	463,968
Net expenditure	26,026	54,830	32,210	19,342	23,893	156,301

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/12 £000	2012/13 £000
Net expenditure in the Directorate Analysis	156,301	152,931
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	26,352	26,645
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(9,127)	(3,775)
Cost of Services in Comprehensive Income and Expenditure Statement	173,526	175,801

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13								
	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(51,261)	(23,391)	0	8,821	23,391	(42,438)	(2,687)	(45,125)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	(2,800)	0	0	2,800	0	0	(2,800)	(2,800)
Income from council tax	0	0	0	0	0	0	(88,401)	(88,401)
Government grants and contributions	(238,033)	0	(10,302)	20,354		(227,981)	(107,178)	(335,159)
Total income	(292,094)	(23,391)	(10,302)	31,975	(23,391)	(270,419)	(201,066)	(471,484)
Employee expenses	147,644	0	(768)	0	0	146,876	5,100	151,976
Other service expenses	261,990	0	23,102	(1,011)	0	284,081	1,169	285,250
Support Service recharges	651	23,391	0	0	0	24,042	0	24,042
Depreciation, amortisation and impairment	0	0	14,613	0	0	14,613	0	14,613
Interest Payments	6,142	0	0	(6,142)	0	0	6142	6,142
Precepts & Levies	28,597	0	0	(28,597)	0	0	28,686	28,686
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	21	21
Gain or loss on Disposal of Non-Current Assets	0	0	0	0	0	0	6,044	6,044
Total expenditure	445,024	23,391	36,947	(35,750)	0	469,612	47,162	516,774
Surplus or deficit on the provision of services	152,930	23,391	26,645	(3,775)	(23,391)	175,800	(153,904)	21,896

2011/12								
	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of recharges £000	Cost of services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(48,046)	0	0	3,711	(24,676)	(69,011)	(2,415)	(71,426)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	(3,116)	0	0	3,116	0	0	(3,116)	(3,116)
Income from council tax	0	0	0	0	0	0	(88,307)	(88,307)
Government grants and contributions	(256,505)	0	(19,002)	18,995		(256,512)	(109,587)	(366,099)
Total income	(307,667)	0	(19,002)	25,822	(24,676)	(325,523)	(203,425)	(528,948)
Employee expenses	154,307	0	(767)	0	0	153,540	1,300	154,840
Other service expenses	275,624	0	31,697	(1,561)	0	305,760	1,304	307,064
Support Service recharges	649	24,676	0	0	0	25,325	0	25,325
Depreciation, amortisation and impairment	0	0	14,424	0	0	14,424	0	14,424
Interest Payments	6,216	0	0	(6,216)	0	0	6,216	6,216
Precepts & Levies	27,172	0	0	(27,172)	0	0	27,260	27,260
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	35	35
Gain or loss on Disposal of Non-Current Assets	0	0	0	0	0	0	(18,372)	(18,372)
Total expenditure	463,968	24,676	45,354	(34,949)	0	499,049	17,743	516,792
Surplus or deficit on the provision of services	156,301	24,676	26,352	(9,127)	(24,676)	173,526	(185,682)	(12,156)

30. Acquired and Discontinued Operations

None to report.

31. Trading Operations (See also note 10)

		2010/11 £000	2011/12 £000	2012/13 £000
Building Cleaning	Turnover	(2,127)	(2,333)	(2,247)
	Expenditure	1,923	2,142	2,102
	(Surplus)/Deficit	(204)	(191)	(145)
Cumulative Surplus over last three financial years: £(540)k				
Education Catering	Turnover	(5,504)	(5,636)	(5,735)
	Expenditure	5,378	5,460	5,617
	(Surplus)/Deficit	(126)	(176)	(118)
Cumulative Surplus over last three financial years: £(463)k				
Net (surplus)/deficit on trading operations		(330)	(367)	(263)

All the above figures are inclusive of depreciation.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public whilst others are support services to the Council's services to the public (e.g. Schools Catering and Cleaning). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure (see note 10):

	2011/12 £000	2012/13 £000
Net surplus on trading operations	(367)	(263)
Services to the public included in Expenditure of Continuing Operations	0	0
Support services recharged to Expenditure of Continuing Operations	0	0
Net surplus credited to Other Operating Expenditure	(367)	(263)

32. Agency Services

The Code determines that billing authorities act as agent when collecting local taxes, as follows:

- Council tax – the billing authority acts as the agent of its major preceptors when collecting council tax on their behalf. In Trafford, the two major preceptors are the Greater Manchester Police Authority and the Greater Manchester Fire and Rescue Authority. No fee is chargeable for this service;
- National Non-Domestic Rates (NDR) – the billing authority acts as agent for Central Government in collecting NDR. The Government paid Trafford an allowance for the cost of this collection in 2012/13 of £0.454m (£0.461m in 2011/12).

The Council has not acted in an agency capacity for any other external bodies in the 2012/13 financial year.

33. Road Charging Schemes

The Council does not operate any such schemes.

34. Pooled Budgets

Trafford has operated a pooled fund for *Learning Disability Services* in conjunction with Trafford Primary Care Trust (PCT) since 1 April 2003. Trafford MBC acts as the lead accounting officer for the pooled fund, which is managed jointly by the Council and the PCT. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

The gross 2012/13 budget was £22.229m, which after grant income and fees of £(6.494)m left net planned expenditure of £15.735m to be funded jointly by the Council and the PCT. The net budget was exceeded by £0.004m in year, however, the reversal of a debtor representing the previous year's overspend of £1.468m added to this, bringing the total carry forward deficit on the pool to £1.472m.

	2011/12 £000	2012/13 £000
Funding provided to the pooled budgets:		
§ the Council	(12,960)	(13,667)
§ Trafford PCT	(2,106)	(2,068)
	(15,066)	(15,735)
Expenditure met from the pooled budget:		
§ the Council	13,856	13,671
§ Trafford PCT	2,106	2,068
	15,962	15,739
Net (surplus)/deficit arising on the pooled budget during the year	896	4
Previous year's (surplus)/deficit carried forward	572	1,468
Balance to be carried forward	1,468	1,472

35. Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2011/12	2012/13
	£000	£000
Basic Allowances	408	407
Special Responsibility Allowances	313	308
Expenses	1	1
Total	722	716

The Council consists of 63 Members (Councillors) to whom £0.716m was paid in allowances in the year (£0.722m in 2011/12).

36. Officers' Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 in 2012/13 was:

2011/12		Remuneration Band	2012/13	
Schools Staff	Other Staff		Schools Staff	Other Staff
-	-	£145,000 - £149,999	-	1
-	1	£140,000 - £144,999	-	1 (1)
-	-	£135,000 - £139,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£125,000 - £129,999	-	-
-	1	£120,000 - £124,999	-	1
-	-	£115,000 - £119,999	-	-
-	1	£110,000 - £114,999	-	-
-	-	£105,000 - £109,999	-	-
-	1	£100,000 - £104,999	-	2 (1)
-	2	£95,000 - £99,999	-	1
-	-	£90,000 - £94,999	-	-
3	1	£85,000 - £89,999	1	2 (1)
2	6 (1)	£80,000 - £84,999	3	4
2	2 (1)	£75,000 - £79,999	-	2
5	3 (1)	£70,000 - £74,999	5	-
7	4	£65,000 - £69,999	9 (2)	3 (2)
16	16 (1)	£60,000 - £64,999	10	11
12 (1)	12 (1)	£55,000 - £59,999	15 (1)	12 (1)
18	23 (2)	£50,000 - £54,999	24	22 (1)
65 (1)	73 (7)	Total	67 (3)	62 (7)

Note : Leavers in (brackets)

Remuneration includes gross taxable pay, including expenses (chargeable to income tax), plus benefits in kind and compensation payments. It excludes employer's pension contributions.

The above table excludes employees from Academy, Foundation and Voluntary Aided Schools as these staff are not employed by the Council.

The numbers of redundancy/early retirement (R&ER) packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) R&ER package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of R&ER packages by cost band [(b) + (c)]		(e) Total cost of R&ER packages in each band		(f) Number of pension strain costs agreed		(g) Total cost of pension strain in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
	£0 - £20,000	53	12	113	94	166	106	1,332,645	683,652	65	16	519,798
£20,001 - £40,000	3	5	10	6	13	11	357,389	299,771	16	10	398,768	288,711
£40,001 - £60,000	0	0	0	1	0	1	0	56,058	2	5	85,073	250,288
£60,001 - £80,000	0	0	0	0	0	0	0	0	1	0	65,824	0
Total	56	17	123	101	179	118	1,690,034	1,039,481	84	31	1,069,463	674,009

Pension Strain costs - occur where an employee is permitted by the employer to take pension benefits without actuarial reduction. This subsequently gives rise to the pension strain cost being met by the employer. The employee derives a benefit from the difference between the pension actually received and what the pension would have been had the actuarial reduction taken effect. The benefit therefore needs to be included in the R&ER packages disclosure above. However, these are **not payments to employees** but are costs written down against the Council's annual allowance for the early payment of pension benefits and are therefore shown separately in the above table. The numbers of pension strain costs agreed above relate to employees already included in the total number of R&ER packages shown in column (d) and are not in addition to them.

Senior Officers Remuneration

The following tables set out the **remuneration** disclosures for Senior Officers (excluding teachers), identified by job title, whose **salary** is:

- (i) £150,000 per year or more; or
- (ii) less than £150,000 but equal to or more than £50,000 per year and who meet at least one of the following criteria:

statutory chief officer (per section 2(6) of the Local Government and Housing Act 1989 as amended), e.g. head of paid service, director of children's services, section 151 officer etc.

a person who has responsibility for the management of the authority, to the extent that the person has power to direct or control the major activities of the authority (in particular activities involving expenditure of money), whether solely or collectively, in accordance with accounting regulations.

Senior Officers Salary 2012/13									
Postholder	Note	Salary (incl. fees & allowances)	Compensation for loss of office	Bonuses	Expense allowances	Benefits in kind (e.g. Car allowance)	Total remuneration excluding pension contributions 2012/13	Pension contributions	Total remuneration including pension contributions 2012/13
		£000		£000	£000	£000	£000	£000	£000
Acting Chief Executive (Head of Paid Service)	(1)	145	0	0	0	2	147	20	167
Corporate Director (Children & Young People Service)		122	0	0	0	2	124	21	145
Corporate Director (Communities & Wellbeing)	(2)	83	56	0	0	2	141	14	155
Corporate Director (Environment, Transport & Operations)		99	0	0	0	2	101	17	118
Corporate Director (Economic Growth & Prosperity)	(3)	41	0	0	0	1	42	7	49
Corporate Director (Economic Growth & Prosperity)	(3)	17	0	0	0	0	17	3	20
Corporate Director (Transformation & Resources)	(4)	19	0	0	0	0	19	3	22
Director of Finance & Acting Corporate Director (Transformation & Resources) (Chief Financial Officer)	(5)	96	0	0	0	2	98	16	114
Acting Director of Legal & Democratic Services (Monitoring Officer)		78	0	0	0	1	79	0	79

Notes :

	(1) The Acting Chief Executive also received fees from the Council of £5,036 as Returning Officer for the May 2012 local elections.
	(2) The Corporate Director (Communities & Wellbeing) left the authority on 31 December 2012.
	(3) The previous Corporate Director (Economic Growth & Prosperity) left the authority on 31 August 2012. The new Corporate Director (Economic Growth & Prosperity) was appointed on 1 February 2013.
	(4) The new Corporate Director (Transformation & Resources) was appointed on 21 January 2013.
	(5) The Director of Finance and Acting Corporate Director (Transformation & Resources) reverted back to The Director of Finance on 21 January 2013.
	Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

Senior Officers Salary 2011/12								
Postholder	Note	Salary (incl. fees & allowances) £000	Bonuses £000	Expense allowances £000	Benefits in kind (e.g. Car allowance) £000	Total remuneration excluding pension contributions 2011/12 £000	Pension contributions £000	Total remuneration including pension contributions 2011/12 £000
Chief Executive (Mrs J Callender) <i>(Head of Paid Service)</i>	(1)	111	0	0	2	113	7	120
Acting Chief Executive/Deputy Chief Executive & Corporate Director (Transformation & Resources)	(2)	138	0	1	2	141	19	160
Corporate Director (Children & Young People Service)		122	0	0	2	124	20	144
Corporate Director (Communities & Wellbeing)		110	0	0	2	112	18	130
Corporate Director (Economic Growth & Prosperity)		99	0	1	2	102	16	118
Corporate Director (Environment, Transport & Operations)		95	0	1	2	98	15	113
Acting Director (Transformation & Resources) & Director of Finance <i>(Chief Financial Officer)</i>	(3)	96	0	0	2	98	15	113
Acting Director of Legal & Democratic Services <i>(Monitoring Officer)</i>		76	0	0	2	78	0	78

Notes :

(1) The annualised salary for the Chief Executive, Mrs J Callender, in 2011/12 was £170,000, the same as in 2010/11. Mrs Callender left the authority on 28 August 2011.

(2) The Corporate Director (Transformation & Resources) & Deputy Chief Executive also received fees from the Council of £4,747 as Returning Officer for the May 2011 local elections. The Corporate Director (Transformation & Resources) & Deputy Chief Executive was appointed as Acting Chief Executive on 1 June 2011 on an annualised salary of £145,000.

(3) The Director of Finance was also appointed as Acting Director (Transformation & Resources) on 1 September 2011.

Where individual Senior Officers were 'Acting' or 'Interim' during the year, the amounts shown represent the total remuneration received for the period they were acting in that capacity.

37. External Audit Costs

In July 2011 the Government announced that all work relating to the audit of local public bodies was to be transferred to the private sector. In Trafford this audit work transferred from the Audit Commission to Grant Thornton with effect from 1 November 2012.

The Council has incurred the following costs in relation to external audit and inspection:

	2011/12 £000	2012/13 £000
Fees payable with regard to external audit services carried out by the appointed auditor	239	155
Fees payable in respect of statutory inspection	0	0
Fees payable for the certification of grant claims and returns	40	53
Fees payable in respect of other services provided by the appointed auditor	2	2
Total	281	210

38. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. There are also some specific grants (e.g. Pupil Premium Grant) that support schools budgets, but these are excluded from this note.

DSG allocations to:-

	Central Expenditure £000	ISB £000	Total £000
Final DSG 2012/13 before Academy recoupment			(167,352)
Academy figure recouped for 2012/13			44,990
Total DSG 2012/13 after Academy recoupment			(122,362)
Brought forward from 2011/12			(171)
Carry forward to 2013/14 agreed in advance			0
Agreed initial budgeted distribution in 2012/13	(14,304)	(108,229)	(122,533)
In year adjustments	714	(714)	0
Final budgeted distribution for 2012/13	(13,590)	(108,943)	(122,533)
Less actual central expenditure	11,246		11,246
Less actual ISB deployed to schools		108,930	108,930
Carry forward to 2013/14	(2,344)	(13)	(2,357)

DSG was allocated via a national formula using factors that did not reflect local conditions and need. This has contributed significantly to the in-year underspend.

**39. Grant Income (Comprehensive Income & Expenditure Statement page 11,
Balance sheet page 13)**

(i) Grant Income included in the Comprehensive Income and Expenditure Statement

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2011/12 £000	2012/13 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Grants:		
Revenue Support Grant	16,659	1,251
New Homes Bonus	625	955
Council Tax Compensation Grant	2,201	2,210
Early Intervention Grant	8,737	9,297
Learning Disability Health & Reform Grant	4,920	-
Learning Disability Pooled NHS monies		5,097
Benefits Admin Grant	1,639	1,568
Local Innovation Award	223	17
Local Services Support Grant	571	479
Other	80	732
Revenue Grants Sub-total	35,655	21,606
Contribution from NNDR Pool	53,895	64,547
Capital Grants :		
Primary Capital Programme	10,896	12,249
Schools Devolved Formula Capital Grant	1,462	406
Schools Condition and Modernisation	2,987	2,700
Sure Start	0	
Schools diploma Funding	256	1,974
Social Care Grants	496	571
Local Area Agreement Reward Grant	0	
Integrated Transport Grant/Highway Structural Maintenance	2,372	2,449
Playbuilder Schemes	0	
LDDF Intensive Support and LD Scheme	0	
Other Grants and Contributions	1,569	674
Capital Grants Sub-total	20,038	21,024
Total Credited to Taxation & Non Specific Grant Income	109,588	107,177

	2011/12 £000	2012/13 £000
Grants Credited to Services		
Revenue Grants Credited to services:-		
Dedicated School Grant (DSG)	137,526	122,362
Rent Allowances, Rent Rebates and Council Tax Benefit Subsidy	73,747	77,306
Other Education Grants	9,701	8,104
Social Care Reform Grant	733	83
Other	4,789	4,318
Revenue Grants Credited to Services Sub-total	226,496	212,173
Capital Grants Credited to services (REFFCUS):-		
Sixth Form Funding	2,272	74
BSF One School Pathfinder	14,696	6,963
14-19 Diploma	1,032	
Primary Capital Programme		804
Disabled Facilities	827	918
Devolved Formula Capital	0	239
Sure Start	0	
Housing – Private Sector	0	59
SWiTch – HR/Payroll System	0	
Food Technology	0	
Extended Schools	214	
Other	641	1,151
Capital Grants Credited to services (REFFCUS) Sub-total	19,682	10,208
Total Grants Credited to Services	246,178	222,381

(ii) Grant Income included in the Balance Sheet

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. These are included in the balance sheet at the year-end as follows:

2010/11 £000	2011/12 £000		2012/13 £000
Short Term Liabilities:-			
Capital Grants & Contributions Receipts in Advance:-			
3,583	0	Primary Capital Programme	1,022
3,488	1,981	14-19 Diploma Funding	
2,533	1,383	Devolved Formula Capital	1,230
1,000	2,478	Basic Need	
75	0	School Travel Plans	
0	0	Extended Schools	
4,223	0	S106 & S278 Contributions	934
42	0	Other Grants and Contributions	
14,944	5,842	Total	3,186

2010/11 £000	2011/12 £000		2012/13 £000
Revenue Grants & Contributions Receipts in Advance (REFFCUS):-			
15,941	5,270	BSF One School Pathfinder	781
1,993	69	Altrincham College of Arts – Sixth Form Funding	
2,140	2,140	St Ambrose College Contribution	
228	55	S106 Contributions	
0	0	Learning Schools Council	
0	0	Devolved Formula Capital (REFFCUS)	
79	32	Other Grants and Contributions	(70)
20,381	7,566	Total REFFCUS	711
Other Revenue Grants Receipts in Advance:-			
0	0	Council tax Subsidy	678
473	0	Pothole Funding	0
0	32	Housing Benefit Transitional Arrangements	0
0	54	Innovation Fund Data Observatory	0
198	0	Multi Systemic Therapy	0
0	147	Social Worker Improvement Fund	103
0	35	Intensive Fostering	0
0	29	Munroe	23
0	0	Troubled Families Grant	307
0	0	Adoption Improvement Grant	21
0	0	Bikeability Grant	18
0	0	Road Safety Grant	15
0	0	European Community Grant	4
0	0	Arts Council Grant	40
0	2	Youth Offending Service	1
671	299	Total Other	1,210
21,052	7,865	Total Short Term Grants Receipts in Advance (Revenue)	1,921
Long Term Liabilities			
Capital Grants & Contributions Receipts in Advance:-			
0	6,492	Section 106 and S278 Contributions	7,095
0	6,492	Total Capital Grants	7,095
Revenue Grants & Contributions Receipts in Advance (REFCUS):-			
4,064	0	BSF One School Pathfinder	0
13,025	2,754	S106 & S111 Contributions	2,754
17,089	2,754	Total REFCUS	2,754
Other Revenue Grants & Contributions Receipts in Advance (Long Term) : -			
0	0		0
0	0	Total Other	0
17,089	9,246	Total Long Term Grants Receipts in Advance	9,849

The capital grants and contributions are used to assist in the financing of capital projects. They are carried forward until such time that they are required for specific schemes.

Included in the balance of Capital Grants & Contributions is £9.8m of contributions received from developers, as part of their obligation under Section 106 of the Town & Country Planning Act 1990. The amounts are received as a result of the granting of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The contributions are restricted to being spent only in accordance with the agreement concluded with the developer. The major balances of Section 106 receipts held by the Council during the year were as follows:

	Balance at 1 April 2012 £000	Receivable in year £000	Contributions applied £000	Balance at 31 March 2013 £000
Open Space schemes	2,303	224	(343)	2,184
Education Schemes		106	(1)	105
Affordable Housing schemes	434	643		1,077
Highways/Transport schemes	6,310	602	(488)	6,424
Total	9,047	1,574	(832)	9,790

40. Related Parties

The Code requires the Council to disclose material transactions with related parties. These are organisations or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council. Details of transactions with Government departments are set out in note 39, with outstanding government debtors and creditors included in notes 19 and 22.

Members of the Council have direct control over the Council's financial and operating policies. All Members' pecuniary interests and non-financial interests which could conflict with those of the Council are available for public inspection. There were no material transactions with any bodies where a Member has a controlling interest in the organisation. Similarly there were no material transactions to disclose with respect to senior officers of the Council.

During the year a number of transactions were made to *other local authorities*. Payments to Tameside MBC in respect of pension contributions are disclosed in the notes to the accounts (note 47) and precept payments are shown in the collection fund accounts.

A levy of £15.803m (£15.260m in 2011/12) was paid to Transport for Greater Manchester (TfGM) and £12.668m (£11.786m in 2011/12) to Greater Manchester Waste Disposal Authority.

The Council no longer provides services directly through its leisure centres. These leisure centres have been leased to Trafford Community Leisure Trust (TCLT) who provide relevant leisure services direct to the public. The Council makes payments to the Trust to help ensure the provision of some services at a discounted rate to particular population demographics of the community. For the year 2012/13 the Council paid £1.103m (£1.153m in 2011/12) to TCLT under a Partnership Delivery Plan agreement. Other than minor ICT maintenance support and CCTV monitoring contracts the Council has no other formal business contracts with the TCLT.

The Council has paid *grants to voluntary organisations* for 2012/13 as follows:

2012	Organisation	2013
£ amount		£ amount
20,000	St. John's Day Centre	0
16,674	Voluntary Community Action Trafford	0
19,000	Manchester/Salford/Trafford Groundwork	0
20,000	Sale Moor Community Partnership	0
30,000	United Response in Business Ltd	0
1,125	Action for Sustainable Living	0
1,791	Carrington Parish Council	0
4,990	Dunham Massey Parish Council	5,140
22,688	Partington Town Council	23,369
1,791	Warburton Parish Council	1,845
138,059	Total Grants	30,354

The Council no longer operates 'Earmarked' grants from the Voluntary Sector Grants pot. Grants are now allocated through Participatory Budget events, whereby those applications which have been shortlisted present their project to residents and residents vote for their preferred project. Adopting this approach ensures no group is reliant on funding from the Council to remain financially viable. A total of £0.320m of grants were awarded in 2012/13 to 56 projects at these events, of which payments totalling £0.247m were made during the year.

The Council also makes payments to Citizens Advice Trafford for advice services, managed under a Service Level Agreement within Adult Social Services. The payment in 2012/13 was £0.180m (£0.200m in 2011/12). It also provides free accommodation to Citizens Advice Trafford.

41. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be refinanced. The CFR is analysed in the second part of this note.

	2011/12	2012/13
	£000	£000
Opening Capital Financing Requirement Capital Investment	128,611	132,326
Capital Investment:-		
Property, Plant and Equipment	22,362	32,622
Intangible Assets	527	
Long Term Debtors		2,000
Revenue Expenditure Funded from Capital under Statute	31,901	23,334
Sources of finance		
Capital receipts	(16,006)	(15,784)
Government Grants and other Contributions	(29,510)	(22,109)
Sums set aside from revenue:		
Direct revenue contributions	(920)	(239)
MRP/loans fund principal	(4,523)	(4,424)
Other Adjustments	(116)	(131)
Closing Capital Financing Requirement	132,326	147,595
Explanations of movement in the year		
Increase in underlying need to borrowing (supported by government financial assistance)		
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,715	15,269
Assets acquired under finance leases		
Assets acquired under PFI/PPP contracts		
Increase/(decrease) in Capital Financing Requirement	3,715	15,269

This statement shows the amount of capital expenditure during the year and how it was financed.

Year ended 31 March	2011/12 £000	2012/13 £000
Service:		
Children & Young People	26,727	18,332
Communities & Wellbeing	2,914	2,796
Economic Growth & Prosperity	18,814	30,709
Environment, Transport & Operations	5,480	5,613
Transformation and Resources	855	506
Total	54,790	57,956
The main items of capital expenditure during the year included:		
Long Term Accommodation Strategy		16,977
Lancashire CCC Redevelopment (*)		9,880
St Ambrose College – Rebuild (*)		6,963
Schools - Primary Capital Programme (incl. £874k *)		5,122
Highways Structural Maintenance (incl. bridges & street lighting & S278 schemes)		3,306
Housing Grants (Disabled Facility, Owner Occupier & Housing Standards Grants) (*)		2,648
Schools – Capital Maintenance Programme (incl. £389k *)		2,201
Stretford HS – New Sports Facilities (*)		2,054
Local Authority Mortgage Scheme (**)		2,000
Public Buildings – DDA Compliance, Repairs & Refurbishment		1,538
Traffic & Transport Schemes (incl. Integrated Transport)		1,400
Moorlands Junior School – Refurbishment		1,255
Parks, Playgrounds and Greenspace Improvements		661
Schools – Devolved Formula Capital (incl. £239k *)		645
ICT Initiatives		626
Waste Management & Recycling Initiatives		251
Other general infrastructure investment		429
Total		57,956

(*) REFCUS

The type of capital expenditure in the year and how it was financed was as follows:

	£000		£000
Property, Plant & Equipment	32,622	Borrowing	19,824
Revenue Expenditure Funded from Capital under Statute (i)	23,334	Grants and Contributions	22,109
(**) Long Term Debtor	2,000	Revenue Contributions & Reserves	239
		Capital Receipts	15,784
Total Capital Expenditure on an accruals basis	57,956		57,956

(i) Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents expenditure which is classified as revenue under the Code, but which is permitted to be funded from capital under statute, e.g. capital spending where there is no tangible asset, such as grants awarded for economic development purposes.

These costs were previously charged to the balance sheet and amortised to revenue as a deferred capital charge. As a change in accounting policy, this expenditure, and any offsetting capital grants, is now charged directly to the appropriate service in the Comprehensive Income and Expenditure Statement, with the effect on council tax neutralised by an equivalent compensating entry in the MIRS and Capital Adjustment Account.

The deficit on the Comprehensive Income and Expenditure Statement includes revenue costs of £23.334m under this category, offset by £(10.208)m of Government grants applied. This

amounts to a net cost of £13.126m, offset by a corresponding credit entry in the MIRS. These amounts are still treated as capital for control purposes and are hence included in the Capital Expenditure Statement above.

Provision for Debt Repayment

The Council is required to set aside a minimum revenue provision (MRP) for the redemption of external debt. The annual provision is primarily based on 4% of the opening Capital Financing Requirement. Services are charged depreciation for the use of capital assets that amount to more than the minimum requirement. Therefore an adjustment is made in the Movement in Reserves Statement to the Capital Adjustment Account.

42. Leases

a) Council as Lessee – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

Vehicles, Plant, Furniture and Equipment - the Council uses vehicles financed under the terms of an operating lease. The amount charged under these arrangements in 2012/13 was £1,091,336 (£1,132,711 in 2011/12).

Land and Buildings - the Council leases numerous buildings which have been accounted for as operating leases. The rentals payable in 2012/13 were £754,374 (£730,100 in 2011/12).*

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2012	31 March 2013
	£000	£000
Not later than one year	1,804	1,345 *
Later than one year and not later than five years	1,491	2,548
Later than five years	58	1,004 **
	3,353	4,897

* The equivalent figure for 2013/14 included in the above table is £269,335 following the surrender of the lease of office accommodation at Quay West in March 2013 (annual liability at £479,791).

** Increase reflects extended lease for Carrington Depot and addition of miscellaneous long-dated ground rent payments.

Council as Lessor – Finance Leases

The Council does not have any finance lease arrangements.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- to assist organisations in the provision of services in support of the Council's policy objectives in respect of sports facilities, community centres, scout groups, and various third sector charitable and voluntary bodies.
- to generate rental income from assets held for investment.

The Council also has seven lease agreements for commercial development schemes under which a “participation” rent is payable to the Council, determined annually by reference to the profitability of the investment asset. These rents are classed as contingent rents and are not included in the minimum lease payments receivable. In 2012/13 these rents were £1.038m (£1.102m in 2011/12). This figure includes rent received by the Council in respect of its joint ownership of Manchester International Airport of £0.429m (£0.406m in 2011/12).

The rentals receivable in 2012/13 were £2.332m (£2.162m in 2011/12).

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2012	31 March 2013
	£000	£000
Not later than one year	1,294	1,506
Later than one year and not later than five years	4,500	4,737
Later than five years	77,046	85,247 *
	82,840	91,490

* Increase reflects rent review on long leasehold letting of site of Tesco Supermarket in Sale.

43. PFI and Similar Contracts

The Council occupies premises at Sale Waterside under a PFI arrangement. Annual rental payments are made to the private sector provider, Cofely GDF-Suez, and are partially offset by PFI grant from the Government.

The PFI grant received from DCLG is £0.658m per annum, over 25 years. This income is included within the accommodation charges in the Net Cost of Services.

Under such arrangements the responsibility for operating the facilities rests with our private sector partner. A number of surplus assets were transferred to the private sector partner at the commencement of the scheme in 2003, the value of which contributed to a reduction in the annual Unitary Service Payment to Cofely GDF-Suez.

Cofely GDF-Suez can sell its interest to another company who can then seek to negotiate a new contract, subject to agreement with the Council.

An analysis of the payments due under the contract is shown in the table below. As all the payments under PFI & Similar contracts are linked in full or in part to the Retail Price Index, the figures below are estimates of the cash amounts that will be paid. Lifecycle replacement costs have been included in the Service charges element.

	Payment for services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable in 2013/14	645	173	421	1,239
Payable within two to five years	2,779	811	1,565	5,155
Payable within six to ten years	3,965	1,345	1,625	6,935
Payable within eleven to fifteen years	4,576	1,838	1,133	7,547
Payable within sixteen to twenty years, and onwards.	515	2,373	153	3,041
Total	12,480	6,540	4,897	23,917

Note – the amounts above are based on the PFI contractors' financial model. The actual amount paid can vary as a result of availability and performance deductions.

The estimated value of the remaining PFI payments is £24m. At the end of the initial period, the Council will have a number of courses of action available to it:

- walk away from the contract;
- take control of the facilities and purchase the building for a payment of £0.750m;
- negotiate with Cofely GDF-Suez for an extension to the contract.

The liability outstanding to pay any final sums to the contractor for capital expenditure is as follows:

	2011/12	2012/13
	£000	£000
Balance outstanding as at start of year	6,855	6,703
Payments during the year	(152)	(163)
Capital expenditure incurred in the year	0	0
Balance outstanding at year-end	6,703	6,540
Split on Balance Sheet (see also note 22):		
Short term liability (creditor)	163	173
Long term liability – deferred	6,540	6,367

44. Impairment Losses

These are disclosed in note 12.

45. Capitalisation of Borrowing Costs

The Council has not capitalised any borrowing costs in the accounting periods reported.

46. Termination Benefits

The Council has terminated the contracts of a number of employees in 2012/13. These are included in the Comprehensive Income and Expenditure Statement as paid, or accrued where appropriate. Provision has been made for outstanding payments to employees where agreed but subject to final payment.

47. Pension Schemes Accounted for as Defined Contribution Schemes

Pension costs included in the Income & Expenditure Account

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education (DfE). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

In 2012/13 the Council paid £6.926m (£8.462m in 2011/12) in respect of teachers' retirement benefits. This was based on 14.1% of the teachers' pensionable pay (14.1% in 2011/12).

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by the local education authority. However, it is not possible to identify each authority's share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In addition, the Council is responsible for added years which it has awarded to teachers at its discretion, together with the related annual increases. In 2012/13, these amounted to £1.378m, representing 2.81% of pensionable pay (£1.385m or 2.31% previously). These benefits are fully accrued in the pension liability described below.

48. Defined Benefit Pension Schemes

Other Employees

The majority of other employees of the Council participate in the Greater Manchester Pension Fund administered by Tameside Metropolitan Borough Council. The scheme provides its members with defined benefits relating to pay and service.

The actual contribution rates to maintain the solvency of the fund vary by employing authority, reflecting the differing profiles of members, and are phased in over the three years the actuarial valuation relates to. The Council's employer's contribution rate was 16.9% in 2012/13 and will be 17.9% in 2013/14. In 2012/13, the Council paid an employer's contribution of £12.822m (£12.770m in 2011/12) into the Greater Manchester Pension Fund, representing 16.9% of pensionable pay (15.9% in 2011/12). The Council is also responsible for pension payments relating to the award of added years, together with related increases. In 2012/13 these amounted to £1.019m, which is 1.3% of pensionable pay (£0.985m or 1.2% in 2011/12).

Further information regarding the Pension Fund and its accounts can be obtained from

the Pensions Office, Concord Suite, Manchester Road, Droylsden , M43 6SF (Helpline: 0161 301 7000).

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the Greater Manchester Pension Fund, calculated at a level intended to balance the pension liabilities with investment assets.
- the Council is also responsible for added years' benefits paid to teachers who are members of the Teachers' Pension Scheme, administered nationally by the Teachers' Pension Agency.

Transactions Relating to Retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government		Discretionary Benefits	
	Pension Scheme		Arrangements	
	2011/12	2012/13	2011/12	2012/13
	£000	£000	£000	£000
Comprehensive Income & Expenditure Statement				
<i>Cost of Services:</i>				
§ current service cost	13,300	13,600		
§ past service costs*	100	300	-	-
§ settlements and curtailments	1,800	800		
<i>Financing and Investment Income and Expenditure</i>				
§ interest cost	29,600	29,200	1,000	1,000
§ expected return on scheme assets	(29,300)	(25,100)		
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	15,500	18,800	1,000	1,000
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
§ actuarial gains and losses	65,000	36,900	1,500	1,000
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	80,500	55,700	2,500	2,000
Movement in Reserve Statement				
§ reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,714)	(5,972)	1,403	1,438
Actual amount charged against the General Fund Balance for pensions in the year:				
§ employers' contributions payable to scheme	12,786	12,828		
§ retirement benefits payable to pensioners			2,403	2,438

In addition to the recognised gains and losses included in the Surplus or Deficit in Provision of Services in the Comprehensive Income and Expenditure Statement, actuarial losses of £37.9m (loss of £66.5m in 2011/12) are included in Other Comprehensive Income and Expenditure. The cumulative amount of actuarial gains and losses in the Movement in Reserves Statement is a loss of £192.8m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value to the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
Opening balance at 1 April	(537,900)	(608,700)	(19,600)	(20,600)
Current service cost	(13,300)	(13,600)		
Interest cost	(29,600)	(29,200)	(1,000)	(1,000)
Contributions by scheme participants	(5,000)	(4,700)		
Actuarial gains and losses	(42,100)	(76,800)	(1,500)	(1,000)
Benefits paid	21,100	20,500	1,500	1,400
Past service costs	(100)	(300)	-	-
Entity combinations				
Curtailments	(1,800)	(800)		
Settlements				
Closing balance at 31 March	(608,700)	(713,600)	(20,600)	(21,200)

Reconciliation of fair value of the scheme (plan) assets:

	Local Government Pension Scheme	
	2011/12 £000	2012/13 £000
Opening balance as at 1 April	445,600	449,500
Expected rate of return	29,300	25,100
Actuarial gains and losses	(22,900)	39,900
Employer contributions	12,600	12,400
Contributions by scheme participants	5,000	4,700
Benefits paid	(20,100)	(19,500)
Entity combinations	0	0
Settlements	0	0
Closing balance as at 31 March	449,500	512,100

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £65m (£6.5m in 2011/12).

Scheme History

	2008/09	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local Government Pension Scheme	(396,400)	(661,900)	(537,900)	(608,700)	(713,600)
Discretionary Benefits	(18,200)	(22,700)	(19,600)	(20,600)	(21,200)
Fair value of assets in the Local Government Pension Scheme	309,800	423,700	445,600	449,500	512,100
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(86,600)	(238,200)	(92,300)	(159,100)	(201,400)
Discretionary Benefits	(18,200)	(22,700)	(19,600)	(20,700)	(21,300)
Total	(104,800)	(260,900)	(111,900)	(179,800)	(222,700)

The liabilities show the underlying commitments that the Council has in the long term to pay retirement benefits. The total liability of £223m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- § the deficit on the GM Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the actuary;
- § the value of assets will vary based on the various returns expected on investments made by the Fund;
- § finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the GM Pension Fund by the Council in 2013/14 is £13.0m.

Basis for Estimating Assets and Liabilities

Liabilities in respect of the GM Pension Scheme have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2010, with the next formal valuations due as at 31 March 2014.

The main assumptions used by the actuary in their calculations are:

	Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	2011/12	2012/13	2011/12	2012/13
Long-term expected rate of return on assets in the scheme:				
Equity Investments	6.3%	4.5%		
Bonds	3.9%	4.5%		
Property	4.4%	4.5%		
Cash	3.5%	4.5%		
Mortality assumptions:				
Longevity at 65 for current pensioners:				
§ Men	20.1 years	20.1 years	20.1 years	20.1 years
§ Women	22.9 years	22.9 years	22.9 years	22.9 years
Longevity at 65 for future pensioners:				
§ Men	22.5 years	22.5 years		
§ Women	25.0 years	25.0 years		
Rate of inflation	2.5%	2.8%	2.5%	2.8%
Rate on increase in salaries	4.3%	4.6%		
Rate of increase in pensions	2.5%	2.8%	2.5%	2.8%
Rate for discounting scheme liabilities	4.8%	4.5%	4.8%	4.5%
Take-up of option to convert annual pension into retirement lump sum:				
§ Pre-April 2008 service	50%	50%		
§ Post-April 2008 service	75%	75%		

The Council has no assets or liabilities in relation to the Teachers Pension Scheme. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the following categories, by proportion of the total assets held:

	31 March 2012	31 March 2013
	%	%
Equity investments	70%	72%
Debt Instruments	18%	17%
Property	5%	5%
Cash	7%	6%
	100%	100%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2007/08 to 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009 to 2013:

	2008/09	2009/10	2010/11	2011/12	2012/13
	%	%	%	%	%
Differences between the expected and actual return on assets	(29.0)	21.7	(1.8)	(5.1)	7.8
Experience gains and losses on liabilities	0.0	(0.0)	(6.4)	1.2	(0.0)

Pensions - Summary

The overall Pension deficit at 31 March 2013 in the Balance Sheet is £222.4m, which is comprised of £201.1m GM Pension Fund and £21.3m in respect of unfunded teachers. This is £(0.3)m lower than the actuarial report figures above as the actuary requires information to be provided in advance of the final year end position.

49. Contingent Liabilities

(a) Municipal Mutual Insurance

See Note 23 (vi) - In January 1994 the Council's former insurer, Municipal Mutual Insurance, made a scheme of agreement with its creditors. Under this scheme, claims are initially paid out in full, but if the eventual winding up of the company results in insufficient assets to meet all liabilities a clawback clause will be triggered which could affect claims already paid.

The scheme of arrangement was triggered during 2012/13 and a provision has been made based on an initial levy of 15%, equating to £0.419m. A contingent liability still exists if the proceeds from the initial levy are not sufficient to cover the cost of future claims. In the event that an additional levy becomes payable then this will be met from the insurance reserve.

(b) Manchester Airport

The Council has made loans to Manchester Airport plc. as disclosed in the long term debtors note. In 2009/10 these loans, which were previously secured, were restructured. The loans are no longer secured but to compensate the Council receives a higher rate of interest. A reserve is being built up to cover any potential losses on this agreement, up to the point at which all the loans have matured in 2055.

(c) Modesole Ltd

The Council's shares in Modesole were sold on 26 March 2010 to Destination Manchester Ltd. Under the Share Purchase Agreement the Council is entitled to additional payment if the shares are sold on at a profit before 29 July 2015. In addition, the Council is covenanted to pay a percentage of losses, should they occur, associated with the Midland Hotel purchase. This liability is capped at £1,016,716 and expires on 29 July 2015, unless notice of any claim has been given by that date.

(d) Trafford Housing Trust

A number of warranties were provided to the Trafford Housing Trust (THT) and related stakeholders as a consequence of the housing stock transfer agreement entered into on 14 March 2005.

A brief summary of the salient points of the major warranties follows – complete details are available from the Head of Legal and Democratic Services.

- i) TUPE Warranty; the Council has indemnified THT against any liability arising from employment matters that had started or originated before the transfer date relating to staff who transferred under the TUPE regulations. It is likely that the risk of this warranty will diminish quickly with time, and no liabilities have so far been reported.
- ii) Warranties of Truth; the Council has made a number of statements and assertions within the transfer agreement, such as land ownership, value of assets, and the right to exercise certain legal powers. The Council has indemnified THT against any liability should any of those statements prove to be untrue. This risk will also diminish, but over a much longer time frame.
- iii) Pension Fund Guarantor; The Council has underwritten any outstanding pension liability to the Pensions Authority for staff transferring under the TUPE regulations to THT, should THT be unable to meet those liabilities. To mitigate this risk THT has taken out a £3.5m bond, which can only be accessed with the permission of the

Council. The liability and the level of bond will be actuarially assessed every five years.

- iv) Unadopted Drains; The Council has indemnified THT for maintenance and repair works relating to unadopted drainage systems. Should a liability arise it is likely to be of small amounts and will be paid out of the Council's revenue budget in the year of occurrence.
- v) Street Lighting on unadopted roads; a joint survey will be undertaken to identify the condition of street lighting on unadopted roads. On completion of this the Council will pay to THT, as a capital lump sum, the estimated repair and maintenance costs of such street lighting for a 30 year period above a total of £85,000. Although no payment is anticipated to be made, any such sum will come from either capital or revenue sources in later years.
- vi) Outstanding works; the Council retains liability for £187.7m worth of qualifying works to bring the housing stock to standard. However, the Council has engaged THT as their agent to undertake these works and has paid THT up front in that the cost of the transfer was reduced by that amount.
- vii) There are a number of Environmental warranties that the Council in aggregate has indemnified THT up to £90m, and an unlimited indemnification to THT's funders, the Prudential Trustee Company Ltd. The risk of these warranties is partially off-set by expected VAT receipts from the works done by THT on the Council's behalf (see above) over ten years amounting to £21m. The liabilities and risks of the warranties will be kept under constant review, and monies put aside from the VAT receipts as appropriate.
- viii) The expected VAT Receipts of £21m (see above) are contingent to works being carried out under the Development Agreement agreed with THT on the date of stock transfer. A total of £16.2m has been received to date leaving £4.8m due to the Council as a contingent asset.
- ix) Asbestos; The Council has given THT a 30 year indemnification against any cost of works arising from asbestos above an excess in any one year of £308,500. This is a rolling excess in that should any excess in one year be unused, it will roll over into the next financial year.
- x) Pollution and Contaminated Land;
The Council has extended a 30 year indemnification for any pollution clear up on land transferred where the pollution occurred before the transfer date.

(e) Timperley Sports Club

The Council has a lease agreement with Timperley Sports Club for an artificial sports pitch which was previously the responsibility of the Council. Under the terms of the agreement the Council, as landlord, agreed to make an initial capital payment towards the improvement costs of the current pitch of £0.080m, £0.020m and £0.020m on 31 March 2006, 2007 and 2008 respectively. In acknowledgement of the Tenant's repair obligations in respect of the pitch, a further sum of £0.100m (index linked from the date of the agreement) is due to be paid on 31 March 2016 by the Council. An amount has already been set aside which is held in an Earmarked Reserve and further amounts will continue to be set aside annually up to 2016, to cover this liability.

In the event that the Club constructs a further replacement full size sports pitch with artificial turf or other artificial playing surface at any time during the demised term after 2016 and has given not less than 6 months notice to the Landlord of the proposed timetable for construction of such new pitch, the Landlord undertakes to pay to the Club (within 28 days after the construction of such pitch and all lighting and ancillary services and access has been practically completed to the reasonable satisfaction of an independent chartered surveyor) £250,000 indexed from the date hereof until the date of payment. The obligation to make the payment under this Clause shall not arise earlier than 1 April 2018.

(f) Synthetic Pitches

Funds have now been transferred to all four schools in respect of replacement of synthetic pitches.

(g) May Gurney (previously Translinc)

The Council no longer operates vehicle fleet management directly having undertaken a contract during 2007/08 for supply of vehicles and maintenance thereof with a private company. Existing Council staff were transferred under the TUPE regulations, and minor warranties in relation to those staff have been provided to the contractor, May Gurney (previously Translinc).

(h) Equal Pay

As a consequence of Equal Pay legislation and the National Single Status Agreement of 1997, the Council embarked on a Job Evaluation project to ensure that employees receive equal pay for equal work.

A new pay structure, terms and conditions were approved by Council on 29 April 2009, with the pay structure coming into effect on 1 January 2009. An accrual for back-pay was made in the 2008/09 financial year and the costs of fully implementing the pay line and new terms and conditions have been included in the Council's medium term financial plan.

Some employees have made equal pay claims against the Council, and the potential cost to the Council has been provided for in terms of a provision (note 23), and the costs of defending those claims has been provided for in a reserve (note 24).

The Council has taken legal advice and implemented a number of measures to prevent claims arising. However, this area of law is relatively untested and it is possible that future claims could be received once the law is clarified.

(i) Metrolink

Phase 3a: The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM) and the Department for Transport (DfT) have entered into a partnership funding approach for the construction of this phase.

Within the agreement the DfT contribution is capped at £244m in cash and TfGM and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme is fully funded at present and the above arrangement will only be operative if the amount is exceeded. Strict monitoring arrangements are in place to minimize the impact of that happening.

Approval has also been given for **Phase 3b** of the scheme and there is a capped DfT grant of £121m for the Ashton and Didsbury sections of the programme.

(j) Section 106 Agreements

A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council then amounts would become repayable to developers. Should developments proceed and conditions within agreements be met then the estimated value of contributions the Council will receive is £26.6m.

(k) Pooled funds

The Council operates pooled budget arrangements with Trafford Primary Care Trust, as detailed in note 34. There is a total deficit on the pooled budgets at 31 March 2013 of £1.472m. The pooled budgets are planned to be balanced over the medium term.

(l) Significant Legal and Insurance Claims

- The Council is currently in negotiations with its insurers over recompense for losses in respect of a major insurance claim under its Fidelity Guarantee Policy. At this stage the final settlement figure is being negotiated.
- Trafford Community Leisure Trust submitted a claim relating to business interruption as a result of the temporary closure of Altrincham Leisure Centre whilst asbestos work takes place. A negotiated settlement was agreed in June 2013 and the associated costs charged to the 2013/14 revenue account.
- The owners of a residential home have lodged a claim that the Council acted inappropriately in 2007 which led to a significant loss in profit. The Council disputes this claim in its entirety.

(m) Altrincham Interchange

An element of the financing for this major infrastructure scheme is to come from developer contributions from developments in the vicinity of the Interchange. The Council has underwritten this funding such that if after a period of six years after commencement of the works the contributions are not available then the Council will provide the funding to Transport for Greater Manchester of up to £650,000.

50. Contingent Assets

The Council has contingent assets in relation to Modesole Ltd. (note 49 (c)), Section 106 Agreements (note 49 (j)) and Insurance Claim (note 49(l)).

Ref	Title	Description	Value
49 (c)	Modesole Ltd	Profit from future sale of shares	Unknown
49 (j)	Section 106 Agreements	Developers meeting the agreement conditions.	Estimated value £26.6m
49 (l)	Insurance Claim	Major Fidelity Guarantee Policy Claim	Unknown

51. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- § Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- § Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- § Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- § Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- § by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- § by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Procedure rules;
- § by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- § by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically

The annual treasury management strategy which incorporates the policies to be adopted covering both debt and investments together with the prudential indicators for 2012/13 was approved by Council on 22 February 2012 and is available on the Council website. A summary of the policies and key indicators together with the actual outcomes are shown in the tables below;

	Approved policy	Activity undertaken
Debt	Take up of new debt be postponed or taken up in accordance with information obtained from the Council's advisors.	No new debt was taken in 2012/13.
	Debt restructuring exercises to be undertaken which produce revenue savings.	No opportunities arose during 2012/13 presenting significant revenue savings to be obtained.
Investment	All investments placed in the continuation of previous year's practice of Security, Liquidity & Yield.	This was fully complied with.
	In compliance with CLG Investment Guidance the maximum amount of investments which could be placed in Non-specified investments was set at £50m.	This limit was not exceeded and at 31 March 2013 there were no Non Specific Investments held by the Council apart from the £29.3m for Manchester International Airport shares which are not tradable in any market.

Prudential indicators	2012/13 Actual	2012/13 Indicator set by Council (max)
<p>Authorised Borrowing Limit</p> <p>This is the maximum level of external debt & other long term liabilities (PFI & leases) that the Council requires – this is statutory limit under section 3(1) of the Local Government Act 2003.</p>	£107m	£156m
<p>Operational Boundary</p> <p>Calculated on a similar basis as the Authorised limit & represents the expected level of external debt & other long term liabilities (PFI & leases) may reach during the year, it is not a limit.</p>	£107m	£136m
<p>Upper limits on fixed interest rates</p> <p>Maximum limit of fixed interest rate exposure – debt interest less investment interest</p>	£3.6m	£4.0m
<p>Upper limits on variable interest rates</p> <p>Maximum limit of fixed interest rate exposure – debt interest less investment interest</p>	£1.4m	£1.9m
<p>Maturity structure of fixed rate borrowing</p> <p>These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.</p>		
Under 1 year (this includes the next call date for Market loans)	33.9%	50%
1 year to 2 years	22.3%	50%
2 years to 5 years	13.1%	50%
5 years to 10 years	15.4%	75%
10 years to 20 years	4.5%	75%
20 years to 30 years	5.8%	75%
30 years to 40 years	0.0%	75%
40 years and above	5.0%	75%
<p>Maximum principal funds invested exceeding 364 days excluding MIA shares with a value of £29.3m</p> <p>Reduces the need for early sale of an investment</p>	£0m	£50.0m

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which is incorporated within the annual treasury management strategy and this stipulates that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services.

The Council uses the creditworthiness service provided by Sector Treasury Services Limited which uses a sophisticated approach incorporating;

- Credit ratings from all three rating agencies,

- Credit watches and credit outlooks from credit rating agencies,
- Credit Default Swaps spreads to give an early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the creditworthy countries.

The Annual Investment Strategy also imposes a maximum amount and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions domiciled in a country which has a minimum Sovereign long term rating of AA and meet the requirements of the investment criteria outlined below;

Financial Asset Category	Minimum credit rating (Fitch or equivalent)	Maximum investment	Maximum period
Banks & Building Societies	Short Term: F1 Long Term: AA Financial Strength: C Support: 3	£20m	3 Years
Banks & Building Societies	Short Term: F1 Long Term: A- Financial Strength: C Support: 3	£5m	1 Year
Money Market Funds	AAA	£20m	3 Years
UK Government including Local Authorities & Debt Management Office	N/A	£20m	3 Years
UK Banks – part nationalised	N/A	£20m	3 Years
Bank or Building Society which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme.	Short Term: F1 Long Term A-	£10m	1 Year
The Council's own bank if the bank falls below the above criteria	N/A	£5m	3 month

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions	Amount at 31 March 2013 £000	Historical experience of default* %	Estimated maximum exposure to default £000
AAA rated counterparties	12,260	0.00%	0
AA rated counterparties	7,000	0.02%	1
A rated counterparties	31,900	0.09%	29
BBB rated counterparties	1,000	0.23%	2
Trade debtors **	3,679		1,042
Total	55,839		1,074

* The historical default rate has been calculated by using the average 1 year default rates from all three main rating agencies at March 2012

** The estimated maximum exposure to default for trade debtors of £1.0m is based on the gross debt raised rather than debt outstanding at one particular date. There is no adjustment to be made for market conditions from the balance sheet date of 31 March 2013.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £32k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2013 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

All the Council's deposits are made through the London Money markets and the allocation of investments between institutions domiciled in foreign countries were as follows:

	31 March 2013	%
	£000s	
UK	47,160	90%
United Arab Emirates	5,000	10%
Total	52,160	100%

The Council does not generally allow credit for its trade debtors, such that £3.7m of the £55.8m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2012	31 March 2013
	£000s	£000s
Less than one year	5,071	2,835
More than one year	1,530	844
Total	6,601	3,679

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and for longer term funds these can be accessed from both the PWLB and Money Markets. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets based on the original principal lent is as follows, and excludes the Manchester Airport loan and Section 106 debtors:

	31 March 2012	31 March 2013
	£000	£000
Less than one year	76,599	52,160
Total	76,599	52,160

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- § monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- § monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The following is the maturity analysis of financial liabilities based on the **carrying amount** - all trade and other payables are due to be paid in less than one year and are not shown in the table below.

	31 March 2012	31 March 2013
	£000	£000
Under 1 year	1,410	4,316
1 year to 2 years	3,251	2,641
2 years to 5 years	8,599	8,931
5 years to 10 years	15,668	16,986
10 years to 20 years	13,229	9,178
20 years to 30 years	21,213	37,570
30 years to 40 years	16,387	220
40 years and above	30,072	30,138
Total	109,829	109,980

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- § borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- § borrowings at fixed rates – the fair value of the borrowing liability will fall;
- § investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- § investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favorable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be calculated as follows:

	£000
Increase in interest receivable on variable rate investments	(198)
Decrease in fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income & Expenditure Statement)	12,807

The Council's loans are all held at fixed rates of interest and consequently a movement in interest rates of +/-1% would have no impact on its financial resources.

Price risk - The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings to the value of £29.3m in Manchester International Airport. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of shares.

All movements in the share values will impact on gains and losses recognised in the Available for Share reserve. A general shift of 5% in the price of shares (positive or negative) would have resulted in a £1.47m gain or loss being recognized in the Available for Sale Reserve.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

52. Trust Funds

The Council administers a number of Trust Funds. The values of these funds, which are not included in the Balance Sheet, were £0.473m at 31 March 2013 and are listed below.

Value of Fund £ 31.03.12		Value of Fund £ 31.03.13
1,928	J Birkhead Trust Fund	1,932
385,495	Del Panno Trust	388,092
14,561	Miss Muckley Dec'd Legacy	14,561
39,116	Clifford Wilcox	39,270
441,100	Sub-total	443,855
29,560	Monies held in Criminal Injuries Compensation Scheme Trust	29,560
470,660	Total monies held in Trusts	473,415

53. Effect of Prior Period Adjustments

There were two prior year period adjustments as follows:

Property, Plant & Equipment – refer to note 12 for further details and
Revaluation Reserve – refer to note 25 for more details;

The above prior period adjustment has had the following effect on the 2010/11 and 2011/12 Accounts:

Extract for restated items only

2010/11	31 March	Restate-	Restated
	2011	ment	31 March
	£000	£000	2011
			£000
Property, Plant & Equipment	410,566	(489)	410,077
Long Term Assets	467,052	(489)	466,563
Net Assets	276,284	(489)	275,795
Revaluation Reserve	(30,266)	2,582	(27,684)
Capital Adjustment Account	(306,252)	(2,093)	(308,345)
Unusable Reserves	(213,706)	489	(213,217)
Total Reserves	(276,284)	489	(275,795)

2011/12	31 March	Restate-	Restated
	2012	ment	31 March
	£000	£000	2012
			£000
Property, Plant & Equipment	408,474	(489)	407,985
Long Term Assets	463,298	(489)	462,809
Net Assets	221,891	(489)	221,402
Revaluation Reserve	(27,077)	2,582	(24,495)
Capital Adjustment Account	(298,005)	(2,093)	(300,098)
Unusable Reserves	(135,429)	489	(134,940)
Total reserves	(221,891)	489	(221,402)

collection fund

About this account

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to precepting authorities and the Council's own General Fund.

2012 £000	Year ended 31 March	Notes	2013 £000
INCOME			
(91,254)	Income from Council Tax Payers	1	(91,942)
(13,175)	Transfer from General Fund for Council Tax Benefits		(12,955)
(147,997)	Income from Non-Domestic Rate Payers	2	(145,874)
(252,426)	TOTAL INCOME		(250,771)
EXPENDITURE			
Precept Demands :			
88,116	- Trafford Council		88,490
11,495	- Greater Manchester Police Authority		11,544
4,193	- Greater Manchester Fire & Rescue Authority		4,211
Non-domestic Rates :			
147,536	- Payment to national pool	2	145,420
461	- Costs of Collection		454
Bad and Doubtful Debts/Appeals :			
Council Tax			
52	- Debt written off		563
347	- Increase/(decrease) in provision for doubtful debts		193
Contributions :			
242	- Distribution of previous years' estimated Collection Fund Surplus	3	236
252,442	TOTAL EXPENDITURE		251,111
16	(Surplus) / Deficit for year		340
(362)	(Surplus) / Deficit as at 1 April		(346)
(346)	(Surplus) as at 31 March	4	(6)
Allocated to:			
(294)	- Trafford		(5)
(38)	- Greater Manchester Police Authority		(1)
(14)	- Greater Manchester Fire & Rescue Authority		(0)
(346)			(6)

notes to the collection fund

1. Council Tax

This tax was introduced on 1 April 1993 with all domestic properties placed in one of eight valuation bands. The Government has determined that the Council Tax payable in each band will be a specified fraction of the middle valuation band, known as band D.

Each year, the Council must estimate the equivalent number of band D properties, after allowing for discounts, exemptions, losses on collection etc. For 2012/13, the calculation was as follows:

	Total No. Dwellings (i)	Specified Fraction	Band 'D' Equivalent
Band A (disb)	12	X5/9	7
Band A	15,025	x6/9	10,017
Band B	18,008	x7/9	14,006
Band C	23,383	x8/9	20,785
Band D	13,211	x9/9	13,211
Band E	6,974	x11/9	8,524
Band F	4,048	x13/9	5,847
Band G	3,820	x15/9	6,367
Band H	872	x18/9	1,745
	85,353		80,509
			(524)
			79,985

- i) The actual number of properties was 96,842, after adjusting for single person discounts, empty properties, etc., the notional number of dwellings is 85,353.
- ii) The Band D Council Tax levied for the year was £1,302.21 (£1,302.21 in 2011/12).

2. Non-Domestic Rates

The Council collects non-domestic rates for its area, which are calculated by reference to the rateable value determined by the District Valuer and multiplied by the uniform rate as set by the Government. The income from Business Ratepayers is as follows:

2011/12			2012/13	
£000	£000		£000	£000
	165,561	Gross Debit for Year		169,100
		Less:		
(16,227)		Allowances and Reliefs	(16,686)	
(1,337)		Provision for Bad Debts	(5,787)	
0		Deferral Scheme liabilities	(753)	
	147,997	Income from Ratepayers		145,874
	(461)	Less Costs of Collection		(454)
	147,536	Payment to NNDR Pool		145,420

The total non-domestic rateable value at 31 March 2013 is £382,184,293, and the national multiplier applicable for 2012/13 is 45.8p (45.0p for small businesses).

3. Estimated Surplus and Deficits

Regulations require the Council to make estimates in January each year of the surplus or deficit likely to arise at the year end, and to transfer these amounts into or out of the collection fund in the following financial year. In January 2012 there was an estimated surplus of £(0.236)m (£(0.242)m in January 2011). This was distributed to the relevant precepting bodies as shown below, with Trafford's element utilised to support General Fund expenditure during the year.

2011/12 £000	Distribution of Surplus on Collection Fund	2012/13 £000
(205)	Trafford	(200)
(27)	Greater Manchester Police Authority	(26)
(10)	Greater Manchester Fire & Rescue Authority	(10)
(242)	Estimated Collection Fund Surplus	(236)

4. Year End Surplus 2012/13

The opening balance for the Collection Fund for 2012/13 was £(0.346)m surplus. The £(0.006)m surplus which had accrued at the year-end is in respect of Council Tax transactions and will be distributed in subsequent years to the Council's General Fund, the GM Police Authority and the GM Fire and Rescue Authority.

2011/12 £000	Allocation of year-end Surplus on Collection Fund	2012/13 £000
(294)	Trafford	(5)
(38)	Greater Manchester Police Authority	(1)
(14)	Greater Manchester Fire & Rescue Authority	(0)
(346)	Estimated Collection Fund Surplus	(6)

In the Balance Sheet at 31 March 2013, the Council has included the £(0.006)m surplus on a disaggregated basis as a Creditor to the GM Police Authority and the GM Fire & Rescue Authority to the value of £(0.001)m, and a £(0.005)m attributable surplus on the Collection Fund balance alongside the General Fund.

glossary

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (A) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (B) the actuarial assumptions have changed.

Capital Financing Charges

The annual charge to the revenue accounts in respect of interest and principal repayments of borrowed money together with leasing rentals.

Capital Financing Requirement

This reflects the Council's underlying need to borrow for a capital purpose. It forms a basis for calculating the minimum revenue provision (MRP), which is the amount required to be set aside as provision to repay debt.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land or buildings that is used for new capital expenditure or to repay debt.

Capital Receipts Pooling

New regulations came into force on 1 April 2004 which required authorities to pay over to the Government a proportion of the proceeds from the disposal of housing assets.

Carrying Amount

This equates to the level of principal outstanding on loans and investments together with any accrued interest.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge, non-domestic rates and revenue support grant receipts and illustrates the way in which these have been distributed.

Community Assets

Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life.

Coupon Rate

The interest rate stated, expressed as a percentage of the principal (face value).

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at the date of the balance sheet.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

- termination of employees' service earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DCLG (Department for Communities & Local Government)

This is the Government department which has the main responsibility for Local Government.

DfE (Department for Education)

This is the Government department responsible primarily for schools. It administers the majority of funding for schools including Dedicated Schools Grant, the major form of financial support.

Debtors

Sums of money due to the Council but which are unpaid at the date of the balance sheet

Deferred Debtors/Deferred Capital Receipts

Corresponding entries relating to sums due at some time in the future, for example from the sale of council houses purchased with the help of mortgages granted by the Council.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation/Amortisation

An amount charged to revenue accounts to represent the wearing out of non-current assets.

Direct Service Organisation (DSO)

The in-house team which has won a contract to carry out work, or provide a service following a competitive tendering process.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers.

Effective Interest Rate

The rate at which debt charges are applied to the comprehensive income and expenditure statement.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific Government grants are paid and from which is met the cost of providing services.

Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value.

Impairment

A reduction in the recoverable amount of a non-current asset. An impairment charge can be caused by a clear consumption of economic benefits or by a general fall in prices.

Income

Amounts which an authority receives, or expects to receive, from any source. Income includes fees, charges, sales and Government grants. The term "income" implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not money was actually received during that year (i.e. on an accruals basis).

Indemnified

To protect against damage, loss or injury; insure.

Infrastructure Assets

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

Interest Costs (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to benefits, the attributable share of pension scheme assets associated with their underlying obligations.

Large Scale Voluntary Transfer (LSVT)

This is the name given to the process of transferring the Council housing stock out of Council ownership into another not for profit social housing organisation, such as a housing association.

NNDR

National non-domestic rates, payable by businesses.

NNDR Pool

A fund administered by the DCLG into which are paid business rates collected by local authorities. The DCLG pay out of the fund a per capita amount to all local authorities.

Pay and Reward Improving Services (PARIS)

Comprehensive pay and grading review to ensure a fair and equal pay structure across the Council.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employees service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Precept

The amount levied by one authority which is collected on its behalf by another.

Private Finance Initiative

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

Provisions

Sums set aside for losses or liabilities which are certain to arise but cannot be quantified with certainty.

Reserves

Amounts set aside to meet future costs.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital under Statute (REFFCUS)

Capital expenditure which does not produce a tangible asset (e.g. improvement grants or other expenditure on assets the authority does not own). These are charged directly to revenue in the year expenditure is incurred but are treated as capital for control purposes.

Revenue Support Grant (RSG)

A grant paid by Central Government to aid local authority expenditure generally.

Revenue Contributions

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrecoverable annuity contract to cover vested benefits; and
- the transfer scheme assets and liabilities relating to a group of employees leaving the scheme.

Soft Loan

This is where credit is given to an external organisation or individual at conditions which are more favourable than market rates.

Stepped Interest Rate Loans

A loan agreement where one rate of interest applies for the primary period of the loan and another rate for the remainder, or secondary period.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities, specific projects, and on behalf of minors.

Unsupported Borrowing

Borrowing undertaken to finance capital expenditure where the related debt costs are paid for by the authority or from other income.

Vested Rights

In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- for deferred pensioners, their preserved benefits;
- for pensioners, pensions to which they are entitled.

